

Management's Discussion and Analysis

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PERIOD OF REFERENCE

The following Management Discussion and Analysis ("MD&A") provides a review of the consolidated financial condition and results of operations of Hartco Inc. ("the Company" or "Hartco") for the quarter ended March 31, 2011, compared to the quarter ended March 31, 2010.

The MD&A should be read in conjunction with the information contained in the consolidated financial statements and the notes thereto for these periods.

FORWARD-LOOKING STATEMENTS

Except for historical information contained herein, the statements in this document are forward-looking. Forward-looking statements involve known and unknown risks and uncertainties, which may cause actual results in future periods to differ materially from forecasted results. Those risks include, among others, changes in customer demand for information technology products or services, changes in supplier pricing actions or terms, customer orders, pricing actions by competitors, changes in laws and regulations, and general changes in economic conditions. Risks that could cause our results to differ materially from our expectations are discussed in the risks and uncertainties section of our annual Management Discussion and Analysis.

SUMMARY OF OPERATIONS

Hartco operates in three reportable segments in Canada: the Franchising and Distribution segment, and the Commercial segment, and the Company presents results from its Corporate Services separately.

The Franchising and Distribution segment encompasses the Company's distribution activities operated by Hartco Distribution Limited Partnership ("Hartco Distribution"), as well as the franchising of businesses that sell a broad range of IT solutions to private and public sector organizations of every size. Franchises operate under the banners of Metafore™ and MicroAge®, which together include more than 50 locations from coast to coast. Segment revenues are comprised of sales to franchisees and of royalties earned from franchisees.

The Commercial segment includes the business activities operated by the Company's Metafore Technologies Inc. ("Metafore") subsidiary. Metafore has been delivering information technology solutions to private and public sector organizations of every size for more than 25 years. As one of Canada's leading IT solution providers, Metafore designs, supplies, installs and supports IT infrastructure solutions that contribute to improved productivity and overall business performance.

Corporate Services include activities and expenses related to the Company's corporate and shared services that are not recharged to the operating segments.

REVIEW OF BUSINESS PRIORITIES

The Company has established the following priorities for 2011:

1. Grow market share
2. Increase return on sales (i.e., earnings)
3. Harmonize and optimize business processes and information systems to increase operating efficiency
4. Enhance organizational effectiveness and efficiency, and develop capabilities for long-term success

The Company has objectives to grow its market share in the Canadian information technology (IT) industry and increase the return on sales (i.e., earnings). Metafore, the Company's largest subsidiary, ranked 2nd on the Canadian Dealer News (CDN) Top 100 IT Solutions Providers list for 2010, up from 4th position on the 2009 list. The Company is focused on developing its offering portfolio, including solutions pertaining to the life cycle management of IT assets, software licensing, data centre virtualization and optimization, storage and data management, networking and security, unified communications and collaboration, and IT resourcing

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(staffing). In addition, the Company is focused on improving productivity and ensuring effective management of inventory, accounts receivables and accounts payable to maximize return on invested capital (ROIC).

The Company launched a number of initiatives in 2010 to review and optimize its operating model and maximize synergies across the organization. Certain benefits were realized in 2010 as a result of marketing, sales, customer service and HR related integration activities. The harmonization and optimization of business processes and information systems is an on-going area of focus in 2011.

The Company is in the process of implementing a common, integrated enterprise resource planning ("ERP") solution for all its businesses, which is expected to contribute to higher productivity, greater process automation and enhanced customer service capabilities, along with greater scalability to support future growth. The Company expects to implement its new ERP solution by the beginning of 2012.

Hartco believes that talent will be its most vital source of competitive differentiation in the future and initiatives have been undertaken to improve organizational effectiveness, efficiency and capabilities. Moreover, the Company is striving to improve its recruiting, development, retention and succession planning practices, and has harmonized performance management practices across all segments and divisions. The Company strengthened its senior leadership team during the second half of 2010 and in the first quarter of 2011, and greater emphasis has been placed on driving accountability and performance.

SEASONALITY

The Company's revenues are typically stronger during its first and fourth quarters and slower in the second and third quarters. This trend is tied to increased government purchasing activities during the quarter ending March 31st, and increased purchasing activities on the part of businesses during the quarter ending December 31st.

ADOPTION OF IFRS

The Company recently adopted the *International Financial Reporting Standards* (IFRS) and the financial information presented and discussed in this Management's Discussion and Analysis (MD&A) is prepared in accordance with IFRS and all comparisons of results for the first quarter of 2011. All comparative figures for 2010 were restated in accordance with IFRS.

CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2011, COMPARED TO THE FIRST QUARTER ENDED MARCH 31, 2010

Consolidated net earnings for the first quarter ended March 31, 2011 amounted to \$0.4 million or \$0.03 per share (basic and diluted) compared to net earnings of \$1.9 million or \$0.14 per share (basic and diluted) for the corresponding period ended March 31, 2010.

Consolidated revenues amounted to \$115.3 million for the quarter ended March 31, 2011 compared to \$120.9 million for the quarter ended March 31, 2010, a decrease of \$5.6 million or 4.6%. Net revenues in the Franchising and Distribution segment decreased by \$2.7 million or 9.9% while the Commercial segment's revenues decreased by \$2.9 million or 3.1%. Product revenues decreased by \$9.1 million or 9.1%, primarily due to softer demand in the public sector, while service revenues increased by \$3.7 million or 18.6%.

Consolidated cost of goods sold stood at \$102.0 million for the quarter ended March 31, 2011, compared to \$104.4 million for the quarter ended March 31, 2010. This decrease of \$2.4 million, or 2.3%, is attributable to a decrease in product volume and to the increase in the cost of services.

Consolidated gross profit amounted to \$13.3 million for the quarter ended March 31, 2011 compared to \$16.4 million for the quarter ended March 31, 2010. This decrease of \$3.1 million or 18.9% is attributable to reduced product volume, as well as increased costs and lower margins in the delivery of services.

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Operating expenses were \$13.1 million for the quarter ended March 31, 2011 compared to \$14.0 million for the quarter ended March 31, 2010, a decrease of \$0.9 million or 6.4%. Direct expenses have decreased by \$0.5 million or 11.2% mainly due to lower salaries and related expenses. Marketing and selling expenses have increased by \$0.3 million or 5.3% mainly due to increase in the remuneration and a decrease in the marketing development funds. General and administrative expenses increased by \$0.5 million due to increased salary and headcount. Other operating expenses are mainly non-recurring costs related to the ERP implementation and severance for the quarter ended March 31, 2011 and 2010. Operating expenses include a non-recurring gain of \$1.0 million related to a sale of an advanced connectivity service contract. These items and other variances are explained in the segment analysis.

Net financial expenses stood at \$0.1 million for the both quarters ended March 31, 2011 and March 31, 2010. The financial expenses consist mostly of bank fees for the quarters ended March 31, 2011 and 2010 and reflect the low level of borrowings.

The share of results in equity investments amounted to \$0.5 million for the quarter ended March 31, 2011 compared to \$0.2 million for the comparable quarter ended March 31, 2010, and reflects the Hartco's participation in the results of two MicroAge franchisees that operate independently from the Company.

The income tax expense recognized during the current quarter amounted to \$0.1 million, compared to an expense of \$0.7 million recorded in the quarter ended March 31, 2010. The variance of \$0.6 million is explained by lower pre-tax earnings.

Segment review

Franchising and Distribution

Franchising and Distribution net revenues, excluding royalties, stood at \$23.3 million for the quarter ended March 31, 2011 compared to \$25.8 million for the quarter ended March 31, 2010. This decrease is explained mainly by lower volume from the MicroAge network related to a non-recurring PC renewal project from a very large customer in 2010. The impact of this non-recurring project in 2010 is expected to affect the comparability of the performance of the Franchising and Distribution revenues throughout 2011.

Royalty revenues totalled \$0.6 million for the quarter ended March 31, 2011, compared to \$0.7 million for the quarter ended March 31, 2010. This decrease is consistent with the decrease in franchisee revenues on which royalties are charged.

EBITDA was \$0.9 million for the current quarter compared to \$2.3 million for the corresponding quarter in 2010. Lower margins from a change in product mix had a \$0.8 million negative impact on EBITDA while lower volume had a negative impact of \$0.4 million.

Commercial

The Commercial segment had revenues of \$91.4 million for the quarter ended March 31, 2011, compared to \$94.3 million for the quarter ended March 31, 2010. This decrease in revenues of \$2.9 million, or 3.1%, is mainly explained by a volume decrease in the province of Quebec, partially offset by higher volumes elsewhere across Canada.

EBITDA for the quarter ended March 31, 2011 stood at \$0.5 million, compared to \$1.8 million for the same period last year, a decrease of \$1.3 million, or 70.9%. Lower volumes had a negative impact of \$0.4 million, and lower margins had a negative impact of \$2.0 million on EBITDA. Operating expenses declined due to lower salary expenses in direct costs as well as a non-recurring gain on the sale of an advanced connectivity service contract. Higher selling and administrative expenses due to higher headcount in relation to the Company's investment in pre-sales capabilities to address new opportunities were partially offset by the reduction of direct operating expenses.

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Corporate services

The Corporate Services expenses net of inter-segment allocations, were \$1.0 million for the quarter ended March 31, 2011, compared to \$0.7 million for the quarter ended March 31, 2010. This increase in expenses of \$0.3 million, or 47.9%, is mainly explained by higher salaries and headcount in IT and HR related to the ERP project and related change management processes, as well as investment in resources to attract, develop and retain talent.

SUMMARY OF CONSOLIDATED QUARTERLY RESULTS

(in thousands of dollars, except per share amounts)

Quarter ended	March 31, 2011 \$(¹)	December 31, 2010 \$(¹)	September 30, 2010 \$(¹)	June 30, 2010 \$(¹)
Revenues	115,349	118,605	111,523	114,312
Operating income	164	3,756	467	1,400
Net earnings				
Continuing operations	360	4,034	437	739
Discontinued operations	-	-	-	-
Net earnings	360	4,034	437	739
Diluted earnings per share	0.03	0.29	0.03	0.05

Quarter ended	March 31, 2010 \$(¹)	December 31, 2009 \$(¹)	September 30, 2009 \$(¹)	June 30, 2009 \$(¹)
Revenues	120,856	105,556	99,041	102,705
Operating income	2,432	985	2,228	801
Net earnings				
Continuing operations	1,854	434	1,614	608
Discontinued operations	-	246	-	-
Net earnings	1,854	680	1,614	608
Diluted earnings per share	0.14	0.05	0.11	0.04

(1) Quarters ranging from March 31, 2010 to March 31, 2011 are prepared in accordance with IFRS while June 2009 to December 31 2009 quarters are prepared using Canadian Generally Accepted Accounting Principles.

LIQUIDITY AND FINANCIAL CONDITION

During the quarter ended March 31, 2011, cash flow used in continuing operating activities stood at \$5.6 million, compared to a cash flow generated by operating activities of \$1.9 million for the quarter ended March 31, 2010, a decrease of \$7.4 million.

Operating activities, before changes in non-cash working capital items and income tax paid, used a cash outflow of \$0.8 million during the quarter ended March 31, 2011, compared to generating a cash flow of \$3.4 million for the quarter ended March 31, 2010, a decrease of \$4.2 million. This decrease in cash flow is mainly explained by lower results from operations. The cash outflow from the non-cash working capital totalled \$4.7 million in the current period, compared to a cash outflow of \$1.5 million in the quarter ended March 31, 2010, due to an increase in accounts receivable in March 2011.

For the quarter ended March 31, 2011, trade and other payables, and deferred revenues had a positive impact of \$0.9 million and \$0.4 million respectively. Trade and other receivable, and inventories had an unfavourable effect on cash flow from non-cash working capital of \$5.3 million and \$0.7 million respectively. For the same period last year, trade and other payables, as well as deferred revenues had a favourable effect on cash flow from non-cash working capital of \$10.4 million and \$0.2 million respectively while trade and other receivable

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and inventories had an unfavourable effect on cash flow from non-cash working capital of \$11.8 million and \$0.4 million respectively. The Company's policy is to take advantage of prompt-pay discounts on trade payable, while temporarily financing accounts receivable through the completion of the cash conversion cycle.

Borrowings under the revolving credit facilities were nil as at March 31 2011, and have been nil since December 2007.

Cash flows generated by investing activities totalled \$1.0 million during the quarter ended March 31, 2011, compared to \$0.2 million for the quarter ended March 31, 2010. Additions to property and equipment and intangible assets reached \$0.6 million for the quarter ended March 31, 2011, compared to \$0.8 million for the quarter ended March 31, 2010. Current capital expenditures are mainly related to improvements to the Company's information systems. Other than the project to integrate virtually all of its legacy business critical applications into one integrated solution, the Company is not required to invest significantly in property and equipment. Proceeds on a disposal of a service contract was \$1.5 million for the quarter ended March 31, 2011 and were nil for the same quarter in 2010. For the comparable period last year, the company received \$1.0 million of dividends from one of its equity investment.

NON-IFRS FINANCIAL MEASURES

Standardized Free Cash Flow is a non-IFRS measure and provides a consistent and comparable measurement of free cash flow across entities of cash generated from operations and is used as an indicator of financial strength and performance. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other entities.

Standardized Free Cash Flow represents an indication of the entity's continuing capacity to generate discretionary cash from operations, comprising cash flows from operating activities, net of total capital expenditures and those dividends that are more representative of financial costs. It does not represent the cash flow in the period available for management to use at its discretion, which may be affected by other sources and non-discretionary use of cash.

Standardized Free Cash Flow is defined as cash flows from operating activities including operating cash flows provided from, or used in, discontinued operations, as reported in accordance with IFRS, less adjustments for:

- (a) total capital expenditures as reported in accordance with IFRS; and
- (b) dividends, when stipulated, unless deducted in arriving at cash flows from operating activities.

Capital expenditures are defined as cash outlays, capital in nature, required to maintain the business at its current operating capacity and efficiency level, including additions to intangible assets. Adjusted Free Cash Flow includes proceeds from the disposal of assets and net collection of loans receivable.

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The calculation for the periods under review is as follows:

	Quarter ended March 31	
Standardized free cash flow and Adjusted free cash flow	2011	2010
<i>(in thousands of dollars)</i>	\$	\$
Cash flow provided by (used for) continuing operating activities	(5,203)	1,881
Dividends received from equity investments	-	1,000
Financial income received	44	34
Proceeds from disposal of a service contract	1,500	-
Additions to property and equipment and intangible assets	(952)	(792)
Deferred financing costs	-	(16)
Standardized Free Cash Flow (deficiency)	(4,611)	2,107
Net collection of long term receivables	16	-
Adjusted Free Cash Flow (deficiency)	(4,595)	2,107

EBITDA is a non-IFRS financial measure. Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other entities.

The Company defines EBITDA as earnings from continuing operations before financial expenses, depreciation and amortization, provisions for income taxes, and share of results of equity investments. EBITDA for the quarter ended March 31, 2011 stood at \$0.4 million (\$3.4 million for the quarter ended March 31, 2010). The reporting of EBITDA is intended to assist readers in reviewing the performance of financial analysis.

The reconciliation of EBITDA from net earnings from continuing operations is as follows:

	Quarter ended March 31	
<i>(in thousands of dollars)</i>	2011	2010
	\$	\$
Net earnings and comprehensive income	360	1,854
Add back:		
Income taxes	135	709
Share of results of equity investments	(478)	(231)
Net financial costs	147	100
Depreciation and amortization	209	951
EBITDA	373	3,383

CASH DISTRIBUTIONS AND DIVIDEND POLICY

In 2009, the Board of Directors adopted a dividend policy with the primary objective of maintaining a high equity ratio. Accordingly, no dividend has been declared in 2010 or in 2011 and the Board of Directors has no plans to do so at the present time.

CAPITAL RESOURCES

The Company has a credit facility of \$45.0 million that consists of a \$25.0 million three-year committed ever-green revolving credit facility which can be extended for an additional year prior to each anniversary date, and two demand revolving credit facilities in the principal amount of \$10.0 million each. The credit facility bears interest at various rates based on the prime rate or bankers' acceptance plus a premium varying on the level

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of key financial ratios achieved. In addition, the Company is subject to maintain the usual debt to tangible net worth and fixed charge coverage ratios as well as certain other conditions. As at March 31, 2011, no amount was outstanding under the Credit Facility.

The Company's debt capitalization ratio stood at 0:100 as at March 31, 2011. Debt is calculated net of cash. As at March 31, 2011, Hartco Inc. was in compliance with all its key financial and coverage ratios.

The Company believes that cash flow from operations, funds available under its Credit Facility and other sources of cash will be sufficient to meet its anticipated cash requirements for the next year.

OUTSTANDING SHARE DATA

A summary of the changes to Hartco's share capital during the quarter ended March 31, 2011 is as follows:

Common Shares	Number of shares	Thousands of dollars
Balance outstanding as at December 31, 2010	13,337,214	21,498
Redeemed and cancelled shares	(34,730)	(125)
Share options exercised	15,000	33
Balance outstanding as at March 31, 2011	13,317,484	21,406

The following table provides both the weighted average number of shares used in the calculation of basic and diluted earnings per share:

	March 31, 2011	March 31, 2010
(in thousands of dollars)	\$	\$
Net earnings attributable to common shareholders	360	1,854
(in thousands of shares)		
Weighted average number of common shares	13,327	13,506
Dilutive effect of stock options	985	424
Weighted average number of diluted shares	14,312	13,930
Number of anti-dilutive stock options excluded from fully diluted earnings per share calculation	-	-

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TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties occurred within the normal course of business and have been measured at their exchange amount. These transactions were as follows:

	Quarter ended March 31	
	2011	2010
	\$	\$
Accounts receivable - equity investments ⁽¹⁾	5,353	6,947
Revenue - equity investments ⁽¹⁾	8,971	12,285
Interest income - equity investments ⁽¹⁾	32	33
Revenue - common controlled entity ⁽²⁾	13	9

(1) Transactions with equity investments.

Equity investments are franchisees in which the Company or its subsidiaries hold an equity interest. Revenues in the table above represent the sale of product from Hartco under normal terms and conditions, while interest income was earned on interest-bearing loans and advances.

(2) Transactions with common controlled entity.

Hartco is related, through its majority shareholder, to an entity to which it sold products

MANAGEMENT'S CONCLUSION ON THE DISCLOSURE CONTROLS, PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

a) Disclosure Controls and Procedures

The Company's Management is responsible for establishing and maintaining disclosure controls and procedures for the Company as defined under National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such disclosure controls and procedures, or caused them to be designed under its supervision, to provide reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, is communicated to the Chief Executive Officer and the Chief Financial Officer and that such information is recorded, processed, summarized and reported within the time periods specified.

As of March 31, 2011, Management has evaluated the design and operation of the Company's disclosure controls and procedures and has concluded that such disclosure controls and procedures are effective.

b) Internal Control over Financial Reporting

Management of the Company is responsible for designing and evaluating the effectiveness of internal controls over financial reporting as defined in National Instrument 52-109 issued by the Canadian Securities Administrators. Management has designed such internal controls over financial reporting, or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP.

Management has used the Internal Control-Integrated Framework to evaluate the effectiveness of internal controls over reporting, which is a recognized and suitable framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Because of their inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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Management has evaluated the design and operation of the Company's internal controls over financial reporting as of March 31, 2011, and has concluded that such internal controls over financial reporting are effective. There are no material weaknesses that have been identified by management in this regard.

There has been no change in the Company's internal control over financial reporting that occurred since the quarter ended March 31, 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

Accounts Receivable

As of March 31, 2011, accounts receivable totalled \$73.4 million. Management follows conservative practices in granting trade credit and diligently practices several credit risk minimizing techniques. Management regularly reviews the Company's entire accounts receivable portfolio and, based on the most current available information, updates its estimate of unrecoverable amounts. These amounts form the basis of the Company's allowance for doubtful accounts.

Inventory

As at March 31, 2011, inventories totalled \$10.9 million. Inventories are valued at the lower of cost and net realizable value. Appropriate provisions have been made for slow-moving and obsolete inventories. As a result of the high rate of technological change, management closely monitors the quality and profile of inventories to identify items which may present a risk.

Once identified, various strategies are developed to maximize the realizable value of goods, such as returns to manufacturers, promotional activities (advertising, markdowns, etc.) and finally, liquidation. Management reviews inventory item profiles on an ongoing basis, which minimizes overall risk, and updates the estimates of the amount required to reflect such risk. Estimated unrecoverable amounts are charged to earnings in the period in which the risk is identified.

Impairment of Long-Lived Assets

The Company assesses long-lived assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized on a long-lived asset to be held and used when its carrying value exceeds the total undiscounted cash flows expected from its use and eventual disposal. The amount of the loss is determined by deducting the asset's fair value from its carrying value.

Impairment of goodwill

Goodwill is not amortized but it is tested for impairment annually, or more frequently, if events or changes in circumstances indicate a possible impairment. The Company compares the reporting unit's carrying value to its market value determined through a discounted cash flow analysis. In preparing the analysis, the Company uses its judgment in estimating future profitability, growth, capital spending and discount rate. If the carrying value of the reporting unit exceeds the market value, the Company would then determine the amount of the impairment loss by comparing the fair value of the goodwill to its carrying amount.

CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements are the first interim financial statements to be prepared by the Company and its subsidiaries in accordance with IFRS as published by the International Accounting Standards Board (IASB), particularly IAS 34 Interim Financial Reporting and IFRS 1 First-time Adoption of International

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Financial Reporting Standards. The first application date for IFRS is January 1, 2010. In compliance with IFRS, the Company has:

- Provided comparative financial information;
- Used the same accounting policies throughout all reporting periods;
- Applied retrospectively all IFRS that will ultimately be effective as at December 31, 2011 as required;
- Applied certain optional exemptions and certain mandatory exceptions concerning first-time adopters of IFRS.

The Company's consolidated financial statements were previously prepared in accordance with Canadian generally accepted principles (GAAP). Canadian GAAP differ from IFRS in certain aspects. When preparing these IFRS financial statements, management made changes to certain recognition, measurement and consolidation methods that it had previously applied to prepare financial statements according to Canadian GAAP. Note 19 includes a reconciliation of equity, net income and comprehensive income under Canadian GAAP and IFRS, as well as a description of the impact of the changeover from Canadian GAAP to IFRS on these items. Note 19 also presents a reconciliation of each of the balance sheet items as at January 1, 2010, March 31, 2010 and for the year ended December 31, 2010.

These financial statements have been prepared on a going concern assumption and the historical cost method of accounting with the exception of financial assets and financial liabilities that are revalued at fair value through profit and comprehensive income. The preparation of IFRS financial statements calls for critical accounting estimates. It also requires management to exercise judgment in the use of accounting policies chosen by the Company. Note 3 describes the areas that are particularly complex and requiring sound judgment as well as those where assumptions and estimates have a significant impact on financial statements.

FUTURE ACCOUNTING CHANGES

The new IFRS 9 changes guidance relating to classification and measurement presented in IAS 30 as regards to financial assets. An entity shall classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of the entity's business model for managing the financial assets and contractual cash flows of the financial asset. A financial asset is measured at amortized cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding. An entity may, at initial recognition, designate a financial asset as measured at fair value through profit or loss if doing so eliminated or significantly reduces an "accounting mismatch". This standard will be effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted. The Company considers that the adoption of this standard will not have a significant impact on its consolidated financial statements.

ADDITIONAL INFORMATION

Additional information relating to the Company, including its most recent annual information form, is available on SEDAR at www.sedar.com.

Montreal, Canada
May 31, 2011