Consolidated Financial Statements
(Expressed in U.S. dollars)

SOFTCHOICE CORPORATION

Years ended December 31, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER

We have audited the accompanying consolidated financial statements of Softchoice Corporation, which comprise the consolidated balance sheet as at December 31, 2010, the consolidated statements of earnings and retained earnings, comprehensive income, accumulated other comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Softchoice Corporation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Emphasis of Matter

The consolidated financial statements of Softchoice Corporation as at and for the year ended December 31, 2009, except for the adjustment related to the change in accounting policy described in note 2, were audited by another auditor who expressed an unmodified opinion on those statements on February 11, 2010. We have also audited the adjustment that was applied to restate the comparative financial statements of Softchoice Corporation as at and for the year ended December 31, 2009 for the change in accounting policy described in note 2. In our opinion such adjustment is appropriate and has been properly applied.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

February 14, 2011
Toronto, Canada

SOFTCHOICE CORPORATION

Consolidated Balance Sheets
(In thousands of U.S. dollars)

December 31, 2010 and 2009

	2010	2009
Assets		
Current assets:		
Cash	$ 35,752	$ 18,601
Accounts receivable, net of allowance for doubtful accounts of $5,269 (2009 - $3,967) (note 3)	224,168	183,674
Inventories	881	766
Deferred costs	7,082	385
Prepaid expenses and other assets	4,706	5,127
Future income taxes (note 4)	3,228	2,270
	275,817	210,823
Restricted cash	500	500
Property and equipment (note 5)	5,748	6,894
Goodwill (note 6)	11,383	11,063
Intangible assets (note 6)	39,770	44,866
Long-term accounts receivable	2,771	–
Future income taxes (note 4)	15,780	16,220
	$ 351,769	$ 290,366
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 217,925	$ 172,000
Deferred revenue	1,899	1,465
Current portion of deferred lease inducements	193	85
Current portion of term debt (note 7)	4,104	4,104
Income taxes payable	2,320	3,288
	226,441	180,942
Deferred lease inducements	217	395
Term debt (note 7)	8,568	12,671
Shareholder's equity:		
Capital stock (note 8)	26,016	25,842
Contributed surplus (note 11)	1,894	983
Retained earnings	84,505	64,263
Accumulated other comprehensive income	4,128	5,270
	116,543	96,358
	$ 351,769	$ 290,366

Commitments and contingencies (note 12)

See accompanying notes to consolidated financial statements.

SOFTCHOICE CORPORATION

Consolidated Statements of Earnings and Retained Earnings
(In thousands of U.S. dollars, except per share information)

Years ended December 31, 2010 and 2009

	2010	2009 (Restated - note 2)
Net sales	$ 884,014	$ 754,144
Cost of sales	719,435	611,875
Gross profit	164,579	142,269
Expenses:		
Salaries and benefits	91,783	76,399
Selling, general and administrative	31,632	30,796
Amortization of property and equipment	2,797	2,907
Amortization of intangible assets (note 6)	6,639	7,949
	132,851	118,051
Income from operations	31,728	24,218
Other expenses (income):		
Foreign currency exchange gain	(2,987)	(12,649)
Interest expense	2,545	3,872
Other expense	1,365	1,155
	923	(7,622)
Income before income taxes	30,805	31,840
Income taxes (recovery) (note 4):		
Current	11,040	8,117
Future	(477)	1,460
	10,563	9,577
Net income	20,242	22,263
Retained earnings, beginning of year	64,263	42,000
Retained earnings, end of year	$ 84,505	$ 64,263
Net income per share (note 9):		
Basic	$ 1.02	$ 1.26
Diluted	1.02	1.26
Weighted average number of shares outstanding:		
Basic	19,778,089	17,628,735
Diluted	19,822,852	17,708,738

See accompanying notes to consolidated financial statements.

SOFTCHOICE CORPORATION

Consolidated Statements of Comprehensive Income
(In thousands of U.S. dollars)

Years ended December 31, 2010 and 2009

	2010	2009
Net income	$ 20,242	$ 22,263
Other comprehensive loss:		
Foreign currency translation adjustment, net of income tax expense of nil	(1,142)	(7,846)
Comprehensive income	$ 19,100	$ 14,417

Consolidated Statements of Accumulated Other Comprehensive Income
(In thousands of U.S. dollars)

Years ended December 31, 2010 and 2009

	2010	2009
Balance, beginning of year	$ 5,270	$ 13,116
Foreign currency translation adjustment	(1,142)	(7,846)
Balance, end of year	$ 4,128	$ 5,270

See accompanying notes to consolidated financial statements.

SOFTCHOICE CORPORATION

Consolidated Statements of Cash Flows
(In thousands of U.S. dollars)

Years ended December 31, 2010 and 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Net income	$ 20,242	$ 22,263
Items not involving cash:		
Amortization of property and equipment	2,797	2,907
Stock-based compensation	979	(1,420)
Future income taxes	(477)	1,460
Amortization of intangible assets	6,639	7,949
Unrealized foreign currency loss	(1,913)	(9,112)
Amortization of debt issuance costs	1,319	1,157
Loss on disposal of property and equipment	43	35
Change in non-cash operating working capital (note 16)	(6,181)	7,892
	23,448	33,131
Financing activities:		
Repayment of bank indebtedness	–	(466)
Repayment of long-term debt	–	(55,596)
Increase in term debt	–	17,683
Repayment of term debt	(4,805)	(3,717)
Proceeds from issuance of common shares	106	15,624
	(4,699)	(26,472)
Investing activities:		
Purchase of property and equipment	(1,426)	(1,800)
Purchase of intangible assets	(1,060)	(1,163)
Proceeds on disposal of property and equipment	–	25
Restricted cash	–	(500)
	(2,486)	(3,438)
Effect of exchange rate changes on cash	888	1,282
Increase in cash	17,151	4,503
Cash, beginning of year	18,601	14,098
Cash, end of year	$ 35,752	$ 18,601

See accompanying notes to consolidated financial statements.

Supplemental disclosures of cash flows information (note 16).

Softchoice Corporation (the "Company") was formed on May 15, 2002, pursuant to an amalgamation with Ukraine Enterprise Corporation. The Company was incorporated under the Canada Business Corporations Act. The Company is a North American business-to-business direct marketer of information technology ("IT") hardware, software and services to small, medium and large businesses and public sector institutions.

The Company's United States operations are carried on by a subsidiary ("Softchoice U.S."), a corporation incorporated under the laws of the State of New York. On December 10, 2007, the Company incorporated a wholly owned subsidiary, Softchoice Holdings Corporation ("Holdco"). Holdco is incorporated under the laws of the State of Delaware.

1. Significant accounting policies:

(a) Basis of presentation:

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

These consolidated financial statements include the accounts of the Company, Holdco and Softchoice U.S. Intercompany transactions and balances are eliminated on consolidation.

(b) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses during the year. Actual results could differ from those estimates. On an ongoing basis, the Company evaluates its estimates, including the allowance for doubtful accounts; impairment of goodwill and other intangible assets; valuation allowances for future income tax assets; fair value of stock-based transactions; the determination of relative selling prices for multiple element revenue arrangements; and the anticipated achievement levels under the marketing development fund programs.

Management must also make estimates and judgments about future results of operations in assessing recoverability of assets and the value of liabilities.

1. Significant accounting policies (continued):

(c) Revenue recognition:

The Company generates revenue from the sale of computer hardware, software and maintenance. The Company also generates revenue from providing professional services to end-users, such as data center configuration and the design and development of IT systems. Sales of product in which the Company acts as a principal are presented on a gross basis. As a principal, the Company obtains and validates a customer order, purchases the product from the supplier at a negotiated price, arranges for shipment of the product, collects payment from customers and processes returns. The Company's product is shipped directly to customers using third party carriers. Sales of product in which the Company acts as an agent are presented on a net basis (note 2).

(i) Hardware:

Revenue from the sale of hardware is recorded when evidence of an arrangement exists, the product is shipped (Freight on Board ("FOB") shipping point) or received by the customer (FOB destination), depending upon the customer arrangement, the price is fixed and determinable, and collection is reasonably assured.

(ii) Software licenses:

Revenue from the sale of software licenses is recorded when evidence of an arrangement exists, customers acquire the right to use or copy software under license, but not prior to the commencement of the license term, the price is fixed and determinable, and collection is reasonably assured.

1. Significant accounting policies (continued):

(iii) Product maintenance:

Revenue on maintenance contracts performed by third party vendors is recognized once the contract date is in effect. As the Company is not the primary obligor for the maintenance contracts performed by third parties, these arrangements do not meet the criteria for gross revenue presentation and, accordingly, are recorded on a net basis. As the Company enters into contracts with third party service providers or vendors, the Company evaluates whether subsequent sales of such services should be recorded as gross revenue or net revenue. The Company determines whether it acts as a principal in the transaction and assumes the risks and rewards of ownership or if it is simply acting as an agent or broker (note 2). Revenue on maintenance contracts performed by internal resources is recognized ratably over the term of the maintenance period.

(iv) Professional services:

Revenue for professional services is recognized based on the percentage-of-completion method of accounting. Under the percentage-of-completion method of accounting, the actual hours incurred and the budgeted hours to complete the project are used to measure progress on each contract. Revenue and costs estimates are revised periodically based on changes in circumstances. Any losses on contracts are recognized in the period that such losses become known. Revenue from time and material contracts is recognized as time is incurred by the Company.

The Company estimates the level of anticipated sales returns based on historical experience and records a provision for sales returns. The historical estimate is reviewed throughout the year to ensure it reflects the most relevant data available.

The Company's revenue arrangements may contain multiple elements. These elements may include one or more of the following: hardware, software, maintenance and/or installation. For arrangements involving multiple elements, the Company allocates revenue to each component of the arrangement using the relative selling price method based on vendor-specific objective evidence or third-party evidence of selling price, and if both are not available, estimated selling prices are used. The allocated portion of the arrangement which is undelivered is then deferred. In some instances, a group of contracts or agreements with the same customer may be so closely related that they are, in effect, part of a single arrangement and, therefore, the Company will allocate the corresponding revenue among the various components, as described above.

1. Significant accounting policies (continued):

Deferred revenue includes unearned revenue on sales of professional services to customers where performance is not yet complete and maintenance contracts where the contract start date is not yet in effect.

(d) Cost of sales:

Cost of sales include product costs, direct costs associated with delivering the services, outbound and inbound freight costs and provisions for inventory losses. These costs are reduced by rebates and marketing development funds received from vendors, which are recorded as earned based on the contractual arrangements with the vendors.

(e) Marketing development funds:

The Company receives funds from vendors to support the marketing and sale of their products. When these funds represent the reimbursement of a specific, incremental and identifiable cost, these funds are recorded as a reduction of the related selling, general and administrative expenses and excess profits, if any, are recorded as a reduction of cost of sales. When the funds are not related to specific, incremental and identifiable costs, the amounts received are recorded as a reduction of cost of sales. Funds are recorded at the later of the date that the vendor is invoiced, according to the terms of the agreement with the vendor, or when the marketing effort is completed. The amount of marketing development funds recorded as a reduction of selling, general and administrative expenses is $2,240 (2009 - $1,550).

(f) Cash and restricted cash:

Cash consists of cash on hand and cash balances with major financial institutions. Bank overdrafts are included in bank indebtedness.

Restricted cash of $500 as at December 31, 2010 (2009 - $500) represents funds held in escrow under an escrow agreement related to a non-competition contract with a competitor.

1. Significant accounting policies (continued):

(g) Inventories:

Inventories are valued at the lower of cost and net realizable value. Cost is determined using specific identification of individual cost. Inventories comprise spare parts, hardware purchased for resale and goods awaiting configuration for customers.

(h) Deferred costs:

Deferred costs comprise non-transferable intangible inventories, including software licenses, software maintenance and hardware warranties where the start date is not yet in effect.

(i) Property and equipment:

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Office equipment	3 years
Computer equipment	3 years
Leasehold improvements	Over term of lease

(j) Intangible assets:

Intangible assets comprise computer software and customer relationships and contracts acquired as part of a business combination. Intangible assets are recorded at their fair value at the acquisition date. These intangible assets are amortized on a straight-line basis over the estimated economic lives of 3 to 10 years.

Internally developed, internal-use software is also included in intangible assets and is recorded at cost, which includes materials and direct labour costs.

1. Significant accounting policies (continued):

(k) Goodwill:

Goodwill is the excess of the fair value of the tangible and identifiable intangible assets and liabilities acquired in a business combination. When the Company enters into a business combination, the purchase method of accounting is used. At the date of the business combination, the Company assigns goodwill to the reporting units expected to benefit from the business combination.

(l) Impairment of long-lived assets:

The carrying value of property and equipment, and finite-lived intangible assets are reviewed whenever events or circumstances indicate that the asset might be impaired. If impairment is determined to exist, a provision is recorded equal to the amount that the carrying value exceeds fair value.

The Company is required to evaluate goodwill annually or whenever events or changes in circumstances indicate that the fair value of the reporting unit is less than its book value. The goodwill impairment analysis comprises two steps. In the first step, the Company compares the fair value of the reporting unit, to which goodwill has been assigned, to its carrying value, including goodwill. If the fair value of the reporting unit exceeds the carrying value of the net assets of the reporting unit, goodwill is not considered impaired and the Company is not required to perform further testing. If the carrying value of the net assets of the reporting unit exceeds the fair value of the reporting unit, the Company must perform the second step of the impairment test in order to determine the fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its value, then an impairment loss is recorded equal to the difference.

(m) Income taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are determined based on the differences between the financial reporting and income tax bases of assets and liabilities and are measured using the substantively enacted tax rates and laws. Income taxes are calculated based on management's best estimates and realized tax assets and liabilities may differ from the amounts provided for. The Company provides a valuation allowance for future tax assets when it is more likely than not that all, or a portion, of the future tax asset will not be realized.

1. Significant accounting policies (continued):

Income tax accruals are established for uncertain income tax positions based on management's best estimate.

(n) Foreign currency transactions:

The functional currency of the Company is the Canadian dollar. The Company's operations in the U.S. are considered to be self-sustaining and are translated using the current rate method. Under the current rate method, assets and liabilities are translated using year-end exchange rates and revenue and expenses are translated at weighted average exchange rates. Exchange gains and losses arising from the translation of the financial statements are deferred in the foreign currency translation adjustment account included as a component of accumulated other comprehensive income. When there is a reduction in the Company's net investment in its self-sustaining foreign operations, the proportionate amount of the cumulative translation adjustment is recognized in income.

Assets and liabilities denominated in currencies other than the respective functional currency are translated at exchange rates in effect at the balance sheet date into the functional currency. Revenue and expense items are translated at the average rates of exchange for the period. Translation gains or losses are included in the determination of income.

The Company’s reporting currency is the U.S. dollar. The Company uses the current rate method to translate the consolidated Canadian dollar results into U.S. dollars using the current rate method.

(o) Income per share:

Basic income per share is computed by dividing the earnings for the year by the weighted average number of common shares outstanding during the year. Diluted income per share is computed using the treasury stock method, whereby the weighted average number of common shares used in the basic income per share calculation includes the effect of assumed exercise of stock options at the beginning of the year. The assumed exercise of stock options is excluded from the calculation if their effect is anti-dilutive.

1. Significant accounting policies (continued):

(p) Defined contribution plan:

The Company has a defined contribution plan providing retirement benefits for its employees. Employees may contribute subject to certain limits based on U.S. federal tax laws. The Company contributes 50% of the employee's contribution up to 3% of the employee's total compensation. The Company's contributions vest 50% after two years but before three years, 75% after three years but before four years, and 100% after four years. The total pension expense for 2010 was $1,243 (2009 - $1,146).

(q) Stock-based compensation:

The Company offers stock-based compensation to key employees and non-executive directors, as described in note 10. The Company accounts for the performance stock option plan, which calls for settlement by the issuance of equity instruments, using the fair value-based method. Under the fair value-based method, compensation cost attributed to the options to employees is measured at fair value at the grant date and amortized over the vesting period. Compensation cost is recognized on a straight-line basis over the vesting period.

The Company accounts for deferred share units granted to its non-management directors based on the fair value of the equity instruments. When options are exercised, the proceeds received by the Company, together with the fair value amount in contributed surplus, are credited to capital stock.

The Company accounts for awards that call for settlement in cash (Share Appreciation Rights) ("SARs") as a liability. Compensation cost for these awards is recorded based on the intrinsic value of the award, which is the amount by which the quoted market value of the shares exceeds the option price.

1. Significant accounting policies (continued):

(r) Recently adopted accounting pronouncements:

(i) Multiple deliverable revenue arrangements:

In December 2009, The Canadian Institute of Chartered Accountants ("CICA") issued Emerging Issues Committee ("EIC") 175, Multiple Deliverable Revenue Arrangements ("EIC-175"), replacing EIC-142, Revenue Arrangements with Multiple Deliverables. This abstract was amended to: (a) exclude from the application of the updated guidance those arrangements that would be accounted for in accordance with Financial Accounting Standards Board's Statement of Position 97-2, Software Revenue Recognition, as amended by Accounting Standards Update 2009-14; (b) provide updated guidance on whether multiple deliverables exist, how the deliverables in an arrangement should be separated, and the consideration allocated; (c) require in situations where a vendor does not have vendor-specific objective evidence or third-party evidence of selling price, require that the entity allocate revenue in an arrangement using estimated selling prices of deliverables; (d) eliminate the use of the residual method and require an entity to allocate revenue using the relative selling price method; and (e) require expanded qualitative and quantitative disclosures regarding significant judgments made in applying this guidance.

The accounting changes summarized in EIC-175 are effective for fiscal years beginning on or after January 1, 2011, with early adoption permitted. The Company adopted EIC-175 effective January 1, 2010.

As described in note 1(c), certain of the Company's revenue arrangements contain multiple elements; however, to date, revenue from multiple elements has not been significant. Accordingly, the adoption of EIC-175 did not have a material impact on the Company's consolidated financial statements.

1. Significant accounting policies (continued):

(ii) Financial instruments:

Effective December 31, 2010, the Company adopted CICA amended Section 3862, Financial Instruments - Disclosures ("Section 3862"), to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures.

These amendments require disclosure of the three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of financial assets and financial liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Financial assets and financial liabilities in Level 2 include valuations using inputs based on observable market data, either directly or indirectly other than quoted prices. Level 3 valuations are based on inputs that are not based on observable market data. The adoption of these standards did not have any impact on the classification and measurement of the Company's financial instruments or the liquidity risk disclosures. The new disclosures pursuant to this amended section are included in note 14.

(s) Accounting pronouncements yet to be adopted:

(i) Business combinations:

In October 2008, the CICA issued Section 1582, Business Combinations ("Section 1582"), concurrently with Section 1601, Consolidated Financial Statements ("Section 1601"), and Section 1602, Non-controlling Interests ("Section 1602"). Section 1582, which replaces Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. Section 1601, which replaces Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. Section 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination. These new standards are effective for the Company's interim and annual consolidated financial statements commencing on January 1, 2011 with earlier adoption permitted as of the beginning of a fiscal year. The Company will assess the impact of the new standards on its consolidated financial statements when it completes a business combination.

1. Significant accounting policies (continued):

(ii) Adoption of International Financial Reporting Standards ("IFRS"):

In February 2008, the Canadian Accounting Standards Board announced that IFRS will be mandatory in Canada for publicly listed companies for fiscal periods beginning on or after January 1, 2011. The Company's first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative period for 2010.

(t) Changes in accounting estimates:

Deferred revenue includes unearned revenue on sales of professional services to customers where performance is not yet complete and maintenance contracts where the contract start date is not yet in effect. Historically, deferred revenue also included unearned revenue on sales to customers where extended payment terms were granted. Effective January 1, 2010, the Company determined that for most sales with extended payment terms, sufficient evidence exists to conclude that the fee is fixed and determinable and, as such, the Company will recognize revenue in such cases when appropriate based on the Company's revenue recognition policy.

2. Change in accounting policy:

During the quarter ended December 31, 2010, the Company changed its revenue accounting policy from gross revenue reporting to net revenue reporting for certain arrangements where the hardware and software support services are performed primarily by third parties. Based on the Company's current interpretation of the relative merits of the various criteria for gross vs. net recognition in EIC 123, Reporting Revenue Gross as a Principal versus Net as an Agent, the Company determined that this change better reflects the substance of these transactions between the Company and its clients and is more consistent with industry practice for these arrangements. This change to a more relevant accounting policy had no impact on the gross profit, income from operations or net income amounts previously reported. The comparative amounts presented for net sales and cost of sales have been restated from $1,000,248 and $857,979, to $754,144 and $611,875, respectively.

(In thousands of U.S. dollars, unless otherwise stated)

3. Accounts receivable:

	2010	2009
Trade accounts receivable, net of provision of $5,249 (2009 - $3,947)	$ 204,189	$ 167,614
Other receivables, net of provision of $20 (2009 - $20)	19,979	16,060
	$ 224,168	$ 183,674

4. Income tax expense and future income taxes:

The Company's income tax provision has been determined as follows:

	2010	2009
Income before income taxes	$ 30,805	$ 31,840
Combined basic federal and provincial income tax rate	30.53%	32.43%
Expected income tax expense	$ 9,405	$ 10,326
Foreign tax rates differential	1,583	966
Items not deductible for tax purposes (permanent differences)	(513)	(2,359)
Adjustments in respect of previous periods	335	750
U.S. state tax deductible for federal purposes	(350)	(348)
Other	103	242
Provision for income taxes	$ 10,563	$ 9,577

The significant components of future income tax assets and liabilities are as follows:

	2010	2009
Future income tax assets:		
Amortization and impairments	$ 16,714	$ 17,348
Unrealized foreign exchange gains	(934)	(1,128)
Reserves	3,228	2,270
Net future income tax assets	$ 19,008	$ 18,490

(In thousands of U.S. dollars, unless otherwise stated)

4. Income tax expense and future income taxes (continued):

Net future income tax assets are classified as follows:

	2010	2009
Current	$ 3,228	$ 2,270
Future	15,780	16,220
	$ 19,008	$ 18,490

The Company has not recorded a valuation allowance against its future income tax assets because it believes it is more likely than not that sufficient taxable income will be realized during future periods to utilize the future tax assets. Realization of the future tax benefit is dependent upon many factors, including the Company's ability to generate taxable income in the applicable jurisdictions in future periods.

5. Property and equipment:

2010	Cost	Accumulated amortization	Net book value
Office equipment	$ 7,117	$ 6,573	$ 544
Computer equipment	7,173	5,186	1,987
Leasehold improvements	5,624	2,407	3,217
	$ 19,914	$ 14,166	$ 5,748

2009	Cost	Accumulated amortization	Net book value
Office equipment	$ 8,068	$ 6,967	$ 1,101
Computer equipment	5,931	3,746	2,185
Leasehold improvements	5,277	1,669	3,608
	$ 19,276	$ 12,382	$ 6,894

(In thousands of U.S. dollars, unless otherwise stated)

6. Goodwill and intangible assets:

	Goodwill	Intangible assets
Balance, December 31, 2009	$ 11,063	$ 44,866
Addition of computer software	–	1,060
Amortization	–	(6,639)
Foreign exchange impact	320	483
Balance, December 31, 2010	$ 11,383	$ 39,770

2010	Cost	Accumulated amortization	Net book value
Acquired contracts	$ 2,144	$ 2,144	$ –
Customer relationships	60,918	22,883	38,035
Computer software	9,281	7,370	1,911
Foreign exchange impact	1,565	1,741	(176)
	$ 73,908	$ 34,138	$ 39,770

2009	Cost	Accumulated amortization	Net book value
Acquired contracts	$ 2,144	$ 2,122	$ 22
Customer relationships	60,918	17,194	43,724
Computer software	7,832	6,075	1,757
Foreign exchange impact	518	1,155	(637)
	$ 71,412	$ 26,546	$ 44,866

During the year ended December 31, 2010, the Company recorded $949 (2009 - $818) in internally developed, internal-use software which is included in intangible assets.

During the fourth quarter of 2010 and 2009, the Company tested goodwill for impairment and determined that no write-down was necessary.

During the years ended December 31, 2010 and 2009, the Company continually assessed whether any indicators of impairment existed relating to the intangible assets. The Company concluded that a triggering event had not occurred that would more likely than not reduce the fair value of the intangible assets below their carrying value.

(In thousands of U.S. dollars, unless otherwise stated)

7. Bank indebtedness and long-term debt:

	2010	2009
Revolving credit facility	$ –	$ –
Term debt - current	4,104	4,104
	4,104	4,104
Term debt - long-term	8,568	12,671
	$ 12,672	$ 16,775

To finance its acquisitions and ongoing working capital requirements, the Company established two credit facilities in February 2009. The first is an asset-backed loan ("ABL") that can be drawn to the lesser of Cdn. $115 million and 85% of eligible accounts receivable.

The ABL contains an optional facility in the amount of Cdn. $30 million that can be exercised at the Company's discretion and with the agreement of the term debt provider. The ABL currently incurs interest at prime rate plus 2%. The ABL has a term of three years. The ABL was provided to the Company through a lending syndicate, comprising Bank of America, Bank of Montreal and the Toronto Dominion Bank. At December 31, 2010, the amount available on the ABL is approximately Cdn. $112 million. This facility is secured by a continuing security interest in and lien upon all assets.

The second credit facility is the term debt which is subordinated to the ABL and was initially in the amount of $20.5 million. This debt has a five-year term and has quarterly repayments of $1.0 million. Interest on this loan is determined based on certain financial ratios; the rate at December 31, 2010 is 16% per annum (2009 - 17.5%). The term debt was provided by HSBC (Canada) Inc., with 20% participation by the Ontario Teachers' Pension Plan ("OTPP"), a related party. OTPP is a related party by virtue of its share ownership in the Company. This loan can be repaid without penalty or termination fee after 36 months. The term debt is secured by a general security agreement over all assets of the Company.

Both loans have certain financial covenants as conditions to continued borrowing. A fixed-charge coverage ratio is required by both loans and the term-debt loan has two additional covenants, including a borrowing base to outstanding principal ratio and a leverage ratio covenant. The Company was in compliance with these covenants at December 31, 2010 and 2009.

(In thousands of U.S. dollars, unless otherwise stated)

7. Bank indebtedness and long-term debt (continued):

As at December 31, 2010, the Company has used $ 2,447 (2009 - $2,488) of its available credit as security for letters of credit issued to various institutions.

Principal repayments over the next four years are as follows:

2011	$ 4,104
2012	4,104
2013	4,104
2014	360
	$ 12,672

8. Shareholders' equity:

(a) Capital stock:

The Company has an unlimited number of authorized common shares. The following table details changes in share capital for the years ended December 31, 2010 and 2009:

	Number of common shares	Amount
Balance, December 31, 2008	17,496,807	$ 9,827
Share financing (i)	2,250,000	15,923
Transfer from contributed surplus (note 10)	12,382	92
Balance, December 31, 2009	19,759,189	25,842
Issued for options exercised	20,850	106
Transfer from contributed surplus (note 10)	–	68
Balance, December 31, 2010	19,780,039	$ 26,016

8. Shareholders' equity (continued):

(i) Share financing:

On November 20, 2009, the Company entered into a bought-deal financing agreement, whereby the Company issued 2,250,000 common shares at a price of Cdn. $7.75 for gross proceeds of Cdn. $17,437,500. In connection with the financing, the underwriters received a fee equal to 5% of the gross proceeds of the offering. In addition, the underwriters had been granted the option to purchase up to an additional 337,500 shares at a price of Cdn. $7.75 per common share to cover over-allotments. These options remained unexercised and expired on January 10, 2010.

(b) Shareholder rights plan:

On April 4, 2007, the Board of Directors of the Company adopted a shareholder rights plan (the "Rights Plan"). The Rights Plan is subject to reconfirmation at the third and sixth annual meeting of shareholders following the first confirmation meeting, which was held on May 7, 2007, and will expire at the close of the Company's ninth annual meeting.

Pursuant to the Rights plan, one right ("Right") was issued and attached to each common share outstanding at the close of business on the record date, and will attach to each common share subsequently issued.

The Right will separate from the common shares and will be exercisable on the close of business on the tenth trading day, the separation time, after the earlier of the date on which:

(i) a person has acquired 20% or more of the Company's outstanding common shares; or

(ii) a person commences or announces a takeover bid for the Company's outstanding common shares, other than by an acquisition pursuant to a permitted bid or a competing permitted bid.

(In thousands of U.S. dollars, unless otherwise stated)

8. Shareholders' equity (continued):

The Rights Plan is designed to require any person interested in acquiring more than 20% of the common shares to do so by way of a permitted bid or a competing permitted bid or to make an offer which the board considers to represent the full and fair value of the common shares. In order to constitute a permitted bid, an offer must be made in compliance with the Rights plan; it must be made to all shareholders, other than the bidder; it must be open for at least 60 days and be accepted by shareholders holding more than 50% of the outstanding voting shares; and, if so accepted, must be extended for a further 10-business-day period.

A person (a "Grandfathered Person") who was the beneficial owner of more than 20% of the outstanding common shares on April 4, 2007 is deemed not to be an acquiring person until it ceases to own more than 20% of the common shares or increases its beneficial ownership by more than 1% of the outstanding common shares on April 4, 2007, except in specified circumstances. To the knowledge of the directors of the Company, the only Grandfathered Person is the Ontario Teachers' Pension Plan Board.

9. Net income per common share:

The following table sets forth the calculation of the weighted average number of common shares and basic and diluted net income per share:

	2010	2009
Issued and outstanding, beginning of year	19,759,189	17,496,807
Weighted average number of shares issued in the year	18,900	131,928
Weighted average number of shares used in computing basic income per share	19,778,089	17,628,735
Assumed exercise of stock options, net of shares repurchased from proceeds	44,763	80,003
Weighted average number of shares used in computing diluted income per share	19,822,852	17,708,738
Basic and diluted net income per share	$ 1.02	$ 1.26

There were no share redemptions during the years ended December 31, 2010 and 2009.

(In thousands of U.S. dollars, unless otherwise stated)

10. Stock-based compensation:

(a) Employee stock option plan:

In November 2006, the Board of Directors cancelled the employee stock option plan under which 1,706,000 common shares were reserved for issuance to employees. The options' vesting period was determined by the Board of Directors at the time of grant with expiry dates ranging from six to eight years after the date of grant. Under the plan, the exercise price could not be less than 100% of the market price of the common shares at the grant date. All options currently outstanding have vested.

For the purposes of calculating the stock option expense, the fair value of each option granted was estimated using the Black-Scholes option pricing model.

The following table summarizes the status of the employee stock option plan (dollar amounts are in Canadian currency):

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding, beginning of year	69,684	$ 7.21	102,859	$ 6.47
Expired	(84)	5.20	(33,175)	4.77
Exercised	(20,850)	5.37	–	–
Outstanding, end of year	48,750	8.00	69,684	7.21
Exercisable, end of year	48,750	$ 8.00	69,684	$ 7.21
Options:				
Held by employees	–	$ –	19,684	$ 5.20
Held by officers	48,750	8.00	50,000	8.00
	48,750	8.00	69,684	7.21

The remaining options outstanding have a weighted average remaining contractual life of 2.12 years.

(In thousands of U.S. dollars, unless otherwise stated)

10. Stock-based compensation (continued):

(b) Deferred share unit plan:

The Company has established a plan to grant deferred share units ("DSUs") to its non-management directors. Each DSU represents the right to receive one common share when the holder ceases to be a director of the Company. To satisfy this obligation, the Company will, at its option, either (i) issue common shares from treasury to the former director, or (ii) direct the plan trustee, an independent trust company selected by the Company, to acquire common shares in the market at the direction of the Company for the purpose of share compensation arrangements.

A summary of the status of the Company's DSU plan is as follows:

	2010	2009
Outstanding, beginning of year	111,733	31,730
Granted	27,469	92,385
Exercised	–	(12,382)
Outstanding and exercisable, end of year	139,202	111,733

The cost associated with the DSU plan for the year ended December 31, 2010 was $224 (2009 - $216).

(c) 2009 Bridge Long Term Incentive Plan ("LTIP"):

On June 12, 2009, a one-time bridge LTIP for the executives of the Company was approved, consisting of the issuance of phantom shares and phantom options, which are payable in cash.

(i) The phantom shares were granted based on a share price of Cdn. $3.22 per award. The criteria for payout of these awards was based on the Company's 2009 financial performance benchmarked against a peer group of publicly traded companies and the continuing employment of the participants through the vesting period, which occurs in January 2011. The Board of Directors determined on February 11, 2010 that the financial performance condition had been met. As at December 31, 2010, there were 152,000 phantom shares outstanding, of which nil were vested (2009 - 152,000 shares, of which nil were vested).

10. Stock-based compensation (continued):

The expense for the year ended December 31, 2010 relating to the phantom shares was $285 (2009 - $157).

(ii) The phantom options were granted based on a strike price of Cdn. $3.22 per award. In accordance with the terms of the plan, the value of the phantom options was determined as the difference between the average closing price of the Company's common shares on the Toronto Stock Exchange for the first ten trading days after the Company's 2009 annual earnings release, being Cdn. $8.39, and the strike price, resulting in compensation expense of Cdn. $5.17 per award. The ultimate payout of awards is conditional on the continuing employment of the participants through the vesting period, which occurs in January 2011. As at December 31, 2010, there were 152,000 phantom options outstanding, of which nil were vested (2009 - 152,000 options, of which nil vested).

The expense for the year ended December 31, 2010 relating to the phantom options was $520 (2009 - $192).

(d) Share appreciation rights plan:

In March 2010, the Company approved the share appreciation rights ("SARs") plan (the "SARs Plan") for eligible officers and key employees of the Company. The value of a SARs unit is equivalent to the 10-day volume weighted average trading price per share at the date when all conditions attached to the SARs unit are met, less the market value on the date the unit is awarded.

On March 31, 2010, the Company granted 144,000 SARs units at a grant price of Cdn. $9.90. The awards are subject to attaining a threshold price of Cdn. $12.50 calculated based on the volume weighted average trading price per common share on the Toronto Stock Exchange for the ten trading days immediately preceding the three-year vesting period, in order for any award to be made. The Company accounts for SARs awards as a liability and compensation cost is recorded based on the intrinsic value of the award when it is considered virtually certain that the terms and conditions of the SARs Plan that govern the award will be met. For the year ended December 31, 2010, no expense relating to the SARs units has been recorded, as it is not virtually certain that the terms and conditions will be met.

(In thousands of U.S. dollars, unless otherwise stated)

10. Stock-based compensation (continued):

(e) Performance stock option plan:

On February 11, 2010, the Board of Directors adopted a Performance Stock Option ("PSO") plan (the "PSO Plan") for the executives of the Company. The PSO Plan was approved by the shareholders on May 11, 2010. Under the PSO Plan, the number of options that ultimately vest is subject to the Company attaining various market share price hurdles on the third anniversary of the grant date, as established by the Board of Directors for each grant. The PSO units vest on the third anniversary of the grant date and are exercisable during a period of seven years from such grant.

On March 3, 2010, the Company granted 640,000 PSOs, with an exercise price of Cdn. $8.39. The fair value of the PSO units was estimated on the date of grant using the Monte Carlo Simulation model using the following assumptions: expected volatility - 65%, risk-free interest rate for the expected term of the options - 3.14%. The weighted average grant date fair value was Cdn. $5.36.

The estimated fair value of the PSO units is expensed on a straight-line basis over the vesting period. The related expense for the year ended December 31, 2010 was $755 (2009 - nil).

11. Contributed surplus:

The total of contributed surplus is summarized as follows:

Balance, December 31, 2008	$ 2,495
Stock-based compensation expense	(1,420)
Deferred share unit exercised (note 10(b))	(92)
Balance, December 31, 2009	983
Stock-based compensation expense	979
Stock option exercised	(68)
Balance, December 31, 2010	$ 1,894

(In thousands of U.S. dollars, unless otherwise stated)

12. Commitments and contingencies:

The Company is subject to a variety of claims that arise from time to time in the ordinary course of business. Management is not aware of any matters that have a material adverse effect on the financial position of the Company or its results of operations. No amount has been provided in these financial statements in respect of these claims. Loss, if any, sustained upon their ultimate resolution will be accounted for prospectively in the period of settlement in the consolidated statements of earnings.

The Company is obligated to make future minimum annual lease payments under operating leases for office equipment and premises as follows:

2011	$ 6,989
2012	6,740
2013	6,344
2014	5,054
2015	3,953
Thereafter	827
	$ 29,907

Total lease expense for the year ended December 31, 2010 amounted to $7,716 (2009 - $7,813).

13. Capital disclosures:

The Company's objective in managing capital is to ensure a sufficient liquidity position exists to:

(a) increase shareholder value through organic growth and selective acquisitions;

(b) allow the Company to respond to changes in economic and/or marketplace conditions; and

(c) finance general and administrative expenses, working capital and overall capital expenditures.

Management defines capital as the Company's shareholders' equity comprising primarily issued capital, contributed surplus and earnings less net debt. Net debt consists of interest-bearing debt less cash. When possible, the Company tries to optimize its liquidity needs by non-dilutive sources. The Company's capital management objectives are unchanged from the previous fiscal year.

The Company currently funds its requirements from its internally generated cash flows and the use of credit facilities. The Company has a term loan and ABL facilities with major financial institutions (note 7). The Company was in compliance with all debt covenants as of December 31, 2010 and 2009.

14. Financial risk management and financial instruments:

(a) Financial assets and financial liabilities:

Cash and restricted cash are classified as held-for-trading. Accounts receivable are classified as loans and receivables and are carried at amortized cost using the effective interest rate method. Bank indebtedness, accounts payable and term debt are classified as other financial liabilities.

(In thousands of U.S. dollars, unless otherwise stated)

14. Financial risk management and financial instruments (continued):

(b) Fair value measurements:

The carrying value of cash, restricted cash, bank indebtedness, accounts receivable, and accounts payable and accrued liabilities approximate their respective fair values due to the short-term nature of these instruments. The fair value of the term debt approximates the amortized cost.

	2010		2009	
	Carrying value	Fair value	Carrying value	Fair value
Assets carried at fair value[1]:				
Cash	$ 35,752	$ 35,752	$ 18,601	$ 18,601
Restricted cash	500	500	500	500
Total	$ 36,252	$ 36,252	$ 19,101	$ 19,101
Assets carried at amortized cost:				
Trade and other receivables	$ 224,168	$ 224,168	$ 183,674	$ 183,674
Long-term accounts receivable	2,771	2,771	–	–
Total	$ 226,939	$ 226,939	$ 183,674	$ 183,674
Liabilities carried at amortized cost:				
Accounts payable and accrued liabilities	$ 217,925	$ 217,925	$ 172,000	$ 172,000
Term debt	12,672	12,226	16,775	16,270
Total	$ 230,597	$ 230,151	$ 188,775	$ 188,270

[1]These financial assets are measured using Level 1 inputs - quoted prices (unadjusted) in active markets for identical assets.

(In thousands of U.S. dollars, unless otherwise stated)

14. Financial risk management and financial instruments (continued):

(c) Financial risk management:

The Company is exposed to liquidity risk, credit risk and market risks, all of which could affect the Company's ability to achieve its strategic objectives. The strategies to manage these risks are described below:

(i) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure and financial leverage (note 13). The Company currently settles its financial obligations out of cash.

The ability to do this is contingent on the Company maintaining sufficient cash in excess of anticipated needs, by collecting its accounts receivable in a timely manner, and having available funds to draw upon from the credit facilities.

The following are the contractual maturities of financial liabilities as at December 31, 2010:

	On demand	Less than 1 year	1 - 2 years	More than 2 years	Total
Accounts payable and accrued liabilities	$ 42,887	$ 169,998	$ –	$ –	$ 212,885
Term debt	–	4,104	4,104	4,464	12,672
	$ 42,887	$ 174,102	$ 4,104	$ 4,464	$ 225,557

(ii) Credit risk:

Credit risk is the risk that a counterparty to a contract fails to meet its obligation to the Company in accordance with contract terms. The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, accounts receivable and other receivables. The carrying amount of the Company's financial assets represents the Company's maximum credit exposure. The Company minimizes the credit risk of cash by depositing with only reputable financial institutions.

(In thousands of U.S. dollars, unless otherwise stated)

14. Financial risk management and financial instruments (continued):

The Company's objective with regard to credit risk in its operating activities is to reduce its exposure to losses. As such, the Company performs ongoing credit evaluations of its customers' financial condition to evaluate creditworthiness and to assess impairment of outstanding receivables. The Company is not aware of any concentration risk with respect to any particular customer.

Of the Company's accounts receivable, approximately 22% are greater than 31 days past due (2009 - 20%). The Company's allowance for doubtful accounts is $ 5,269 (2009 - $3,967). This allowance comprises individually significant exposures deemed at risk and an overall provision established based on historical trends. Any amounts not provided for are considered fully collectible.

As at December 31, 2010, the remaining overdue balances are as follows:

	2010	2009
31 - 60 days past due	$ 26,436	$ 19,105
61 - 90 days past due	7,222	8,414
Greater than 91 days past due	15,052	10,438
	$ 48,710	$ 37,957

The following is a reconciliation of the movements in the allowance for doubtful accounts for the years ended December 31, 2010 and 2009:

	2010	2009
Balance, beginning of year	$ 3,967	$ 2,759
Bad debt expense	1,858	2,244
Write-off of accounts receivable	(643)	(1,213)
Foreign exchange loss	87	177
Balance, end of year	$ 5,269	$ 3,967

14. Financial risk management and financial instruments (continued):

(iii) Market risk:

Market risk is the risk that the value of the Company's financial instruments will fluctuate due to changes in foreign exchange rates and interest rates. The Company operates in both the United States and Canada. The parent company maintains its accounts in Canadian dollars and the accounts of the U.S. subsidiaries are maintained in U.S. dollars. For the parent company's intercompany debt and external debt held in U.S. dollars, this may occasionally give rise to a risk that its earnings and cash flows may be impacted by fluctuations in foreign exchange conversion rates due to the balance outstanding as of the year end, as well as debt settlements made during the year. For every 200 basis points that the Canadian dollar appreciates, the translation and revaluation impact for the full year on net earnings would be, on average, an increase of $5,201. For every 200 basis points that the Canadian dollar depreciates, the translation and revaluation impact for the full year on net earnings would be, on average, a decrease of $5,369.

From time to time, the Company may use derivatives to manage this foreign exchange risk. The Company's policy is to use derivatives for risk management purposes only, and it does not enter into such contracts for trading purposes. The Company enters into derivatives only with high credit quality financial institutions. The Company did not enter into any derivative financial instrument contracts during the 2010 and 2009 fiscal years. In addition, there were no outstanding derivative financial instruments as at December 31, 2010 and 2009.

On the ABL and long-term debt, an incremental increase or decrease in the prime rate of 0.25% would result in an increase or decrease in interest expense of $43, respectively. In the past, the Company has used an interest rate swap to mitigate the risk of fluctuating interest rates. The Company did not enter into any derivative financial instrument contracts during the 2010 and 2009 fiscal years. In addition, there were no outstanding derivative financial instruments as at December 31, 2010 and 2009.

14. Financial risk management and financial instruments (continued):

(iv) Supplier risk:

Purchases from Microsoft (a software publisher), Ingram Micro (a distributor), and Techdata (a distributor) accounted for approximately 29%, 21% and 18%, respectively, of the Company's aggregate purchases for 2010. No other partner accounted for more than 10% of the Company's purchases in 2010. The Company's top five suppliers as a group for 2010 were Microsoft, Ingram Micro, Techdata, Synnex (a distributor) and Arrow Electronics Inc. (a distributor). They accounted for 80% of the Company's total purchases in 2010. Although brand names and individual products are important to the business, the Company believes that competitive sources of supply are available in substantially all the product categories such that, with the exception of Microsoft, the Company is not dependent on any single partner for sourcing products.

15. Related party transactions:

As at December 31, 2010, included in trade accounts receivable is $ 410 due from a major shareholder for product sales with payment terms of net 30 days (2009 - $205). Total product sales to this shareholder during the year ended December 31, 2010 were $1,403 (2009 - $512). This related party transaction is in the normal course of operations and has been recorded at the exchange amount, which is the amount of consideration established and agreed between the related parties.

In the course of the refinancing that occurred in the first quarter of 2009, a portion of the long-term debt outstanding was purchased by OTPP. During the year ended December 31, 2010, OTPP received principal repayments of $821 (2009 - $748) and interest repayments of $487 (2009 - $616). Refer to note 7 for a description of this transaction.

(In thousands of U.S. dollars, unless otherwise stated)

16. Supplemental disclosures of cash flows information:

	2010	2009
Change in non-cash operating working capital:		
Accounts receivable	$ (36,266)	$ 69,141
Inventories	36	654
Prepaid expenses and other assets	(716)	2,297
Long-term accounts receivable	(2,771)	527
Deferred costs	(6,678)	892
Accounts payable and accrued liabilities	40,991	(66,668)
Deferred lease inducements	(92)	(69)
Deferred revenue	383	(2,324)
Income taxes payable	(1,068)	3,442
	$ (6,181)	$ 7,892

	2010	2009
Interest paid	$ 2,573	$ 3,877
Taxes paid	12,035	4,657

17. Segmented information:

The Company has one reportable segment in which the assets, operations and employees are located in Canada and the United States. Revenues are attributed to customers based on where the products are shipped.

Geographic information:

Geographic segments of revenue are as follows:

	2010	2009
Canada[(1)]	$ 385,250	$ 304,147
United States	498,764	449,997
	$ 884,014	$ 754,144

[(1)]Revenue for the year ended December 31, 2010 and 2009 is Cdn. $395,430 and Cdn. $345,970, respectively.

(In thousands of U.S. dollars, unless otherwise stated)

17. Segmented information (continued):

Geographic segments of property and equipment are located as follows:

	2010	2009
Canada	$ 4,521	$ 5,170
United States	1,227	1,724
	$ 5,748	$ 6,894

Geographic segments of goodwill are located as follows:

	2010	2009
Canada	$ 6,448	$ 6,128
United States	4,935	4,935
	$ 11,383	$ 11,063

Geographic segments of intangible assets are located as follows:

	2010	2009
Canada	$ 10,345	$ 11,217
United States	29,425	33,649
	$ 39,770	$ 44,866

18. Economic dependence:

Approximately 29% (2009 - 32%) of the Company's net sales in the year relate to products published by Microsoft.

19. Comparative figures:

Certain 2009 figures have been reclassified to conform with the financial statement presentation adopted in 2010.