Consolidated Financial Statements of

BSM TECHNOLOGIES INC.

Years ended September 30, 2016 and 2015

December 14, 2016

Independent Auditor's Report

To the Shareholders of
BSM Technologies Inc.

We have audited the accompanying consolidated financial statements of BSM Technologies Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2016 and September 30, 2015 and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BSM Technologies Inc. and its subsidiaries as at September 30, 2016 and September 30, 2015 and their financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

BSM TECHNOLOGIES INC.

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BSM TECHNOLOGIES INC.

Consolidated Statements of Financial Position

In 000s of Canadian Dollars

	Note	As at September 30, 2016	As at September 30, 2015
Assets			
Current assets:			
Cash and cash equivalents	4	**$ 24,900**	$ 23,980
Restricted cash and cash equivalents	4	**-**	8,800
Accounts receivable	5	**12,780**	10,018
Current portion of investment in finance leases	7	**1,103**	1,313
Inventories	6	**4,501**	6,509
Prepaid expenses and other assets		**827**	1,198
Total current assets		**44,111**	51,818
Property and equipment	9	**1,392**	1,654
Long-term investment in finance leases	7	**1,848**	2,019
Intangible assets	10	**26,159**	31,056
Deferred tax asset	19	**21,037**	14,928
Goodwill	11	**22,163**	22,308
Total assets		**$ 116,710**	$ 123,783
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable		**$ 2,925**	$ 3,053
Accrued liabilities		**4,194**	6,871
Current portion of long-term debt	12	**-**	3,970
Current portion of contingent consideration	20	**631**	1,221
Current portion of provisions	13	**954**	1,144
Deferred revenue		**2,465**	2,071
Total current liabilities		**11,169**	18,330
Provisions	13	**179**	399
Long-term debt	12	**7,721**	7,527
Contingent consideration	20	**3,872**	5,043
Shareholders' equity:			
Common shares	8	**85,861**	92,249
Contributed surplus		**7,946**	7,769
Accumulated other comprehensive income		**426**	539
Deficit		**(464)**	(8,073)
Total shareholders' equity		**93,769**	92,484
Total liabilities and shareholders' equity		**$ 116,710**	$ 123,783

See accompanying notes to the consolidated financial statements.

'Andrew Gutman' - Director *'Aly Rahemtulla'* - Director

BSM TECHNOLOGIES INC.

Consolidated Statements of Income and Comprehensive Income

In 000s of Canadian Dollars, except share and per share amounts

	Note	Year ended September 30	
	Note	**2016**	**2015**
Revenue		**$ 58,997**	$ 30,691
Cost of revenue		**26,000**	15,424
Gross profit		**32,997**	15,267
Other income:			
Interest income from finance leases		**189**	124
Expenses:			
General and administrative		**10,329**	5,527
Research and development		**8,641**	6,096
Sales and marketing		**12,894**	5,574
Restructuring expenses		**803**	218
Acquisition and integration related expenses		**348**	2,340
Fair value adjustment on contingent consideration	*20*	**(1,854)**	(3,201)
Foreign exchange (gain) loss		**66**	(689)
Interest expense		**739**	889
Interest received		**(190)**	(242)
Total expenses		**31,776**	16,512
Income (loss) before taxes		**1,410**	(1,121)
Current tax expense	*19*	**62**	5
Deferred tax recovery	*19*	**(6,261)**	(1,144)
Net income for the year		**7,609**	18
Other comprehensive income (loss)			
Foreign exchange gain (loss) on foreign operations, net of tax		**(113)**	509
Total comprehensive income for the year		**$ 7,496**	$ 527
Earnings per share (in $'s)	*8*		
Basic		**$ 0.091**	$ 0.000
Diluted		**$ 0.090**	$ 0.000
Weighted average number of shares	*8*		
Basic		**83,999,324**	44,908,097
Diluted		**84,434,369**	45,512,375

Certain comparative amounts have been reclassified to conform with the current year's presentation.
See accompanying notes to the consolidated financial statements.

BSM TECHNOLOGIES INC.

Consolidated Statements of Changes in Shareholders' Equity

In 000s of Canadian Dollars

	Note	Common shares	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity
Balance September 30, 2015		**$ 92,249**	**$ 7,769**	**$ 539**	**$ (8,073)**	**$ 92,484**
Common shares repurchased and cancelled	*8*	**(7,371)**	**-**	**-**	**-**	**(7,371)**
Share-based compensation expense	*8*	**-**	**708**	**-**	**-**	**708**
Options, RSUs or DSUs exercised	*8*	**983**	**(531)**	**-**	**-**	**452**
Net income for the year		**-**	**-**	**-**	**7,609**	**7,609**
Foreign exchange gain (loss) on foreign operations, net of tax		**-**	**-**	**(113)**	**-**	**(113)**
Balance September 30, 2016		**$ 85,861**	**$ 7,946**	**$ 426**	**$ (464)**	**$ 93,769**
Balance September 30, 2014		$ 53,543	$ 6,745	$ 30	$ (8,091)	$ 52,227
Common shares issued on acquisition of Webtech	*8*	38,862	-	-	-	38,862
Replacement options issued on acquisition of Webtech	*8*	-	555	-	-	555
Common shares repurchased and cancelled	*8*	(347)	-	-	-	(347)
Share-based compensation expense	*8*	-	551	-	-	551
Options, RSUs or DSUs exercised	*8*	191	(82)	-	-	109
Net income for the year		-	-	-	18	18
Foreign exchange gain (loss) on foreign operations, net of tax		-	-	509	-	509
Balance September 30, 2015		$ 92,249	$ 7,769	$ 539	$ (8,073)	$ 92,484

See accompanying notes to the consolidated financial statements.

BSM TECHNOLOGIES INC.

Consolidated Statements of Cash Flows

In 000s of Canadian Dollars

		Year ended September 30	
Cash provided by (used in):	***Note***	**2016**	**2015**
Operating activities:			
Net income for the year		**$ 7,609**	$ 18
Items not involving cash:			
Depreciation of property and equipment	*9*	**711**	299
Amortization of intangible assets	*10*	**5,612**	3,178
Amortization of financing costs		**136**	86
Unrealized foreign exchange (gain) loss		**146**	(116)
Deferred tax recovery, net of SRED credits	*19*	**(6,103)**	(1,297)
Accreted interest on contingent consideration	*20*	**325**	473
Fair value adjustment on contingent consideration	*20*	**(1,854)**	(3,201)
Share-based compensation expense	*8*	**708**	551
Impairment of inventories	*6*	**-**	389
Change in non-cash operating working capital	*16*	**(2,829)**	2,395
Net cash provided by operating activities		**4,461**	2,775
Financing activities:			
Change in restricted cash	*4*	**8,800**	(6,000)
Repayment of long-term debt	*12*	**(3,646)**	(2,560)
Financing costs on revolving debt facility		**(198)**	-
Options and warrants exercised	*8*	**452**	109
Payment of contingent consideration	*20*	**(126)**	(659)
Common shares repurchased and cancelled	*8*	**(7,371)**	(347)
Net cash used in financing activities		**(2,089)**	(9,457)
Investing activities:			
Acquisition of subsidiaries net of cash acquired		**-**	10,403
Restricted cash related to contingent consideration	*4*	**-**	(2,800)
Investment in intangible assets	*10*	**(912)**	(576)
Purchase of property and equipment	*9*	**(453)**	(140)
Net cash provided by (used in) investing activities		**(1,365)**	6,887
Impact of foreign currency revaluation on cash and cash equivalents	*9*	**(87)**	154
Increase in cash and cash equivalents during the year		**920**	359
Cash and cash equivalents, beginning of year		**23,980**	23,621
Cash and cash equivalents, end of year		**$ 24,900**	$ 23,980
Cash paid for interest expense		**$ 254**	$ 330
Cash paid (received) for income taxes		**$ 73**	$ (57)

See accompanying notes to the consolidated financial statements.

1. General information

BSM Technologies Inc. and its subsidiaries (together "BSM" or the "Company") design and sell secure M2M applications to customers in Canada, the USA and around the world. The address of its registered office is 75 International Blvd., Suite 100, Toronto, Ontario, Canada M9W 6L9. The Company is incorporated and domiciled in Canada. The Company is a public company. During the year ended September 30, 2015, the Company's shares traded under the symbol "GPS" on the TSX Venture ("TSX-V"). Subsequent to the year ended September 30, 2015, the Company obtained approval from the Toronto Stock Exchange to graduate from the TSX-V to the Toronto Stock Exchange ("TSX"). On October 6, 2015, the Company's shares began trading on the Toronto Stock Exchange ("TSX").

On September 30, 2015, the Company acquired all of the outstanding shares of Webtech Wireless Inc. ("Webtech"), a publicly traded corporation headquartered in Vancouver, British Columbia, Canada. The acquisition was completed pursuant to a statutory plan of arrangement.

These consolidated financial statements were authorized for issue by the Company's Board of Directors on December 14, 2016.

2. Basis of presentation

These annual consolidated financial statements for the years ended September 30, 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of annual consolidated financial statements.

The annual consolidated financial statements are presented in thousands of Canadian dollars.

Following the acquisition of Webtech, management re-evaluated the presentation of its consolidated financial statements. Through this process, management has revised the presentation of the consolidated statements of income and comprehensive income to reclassify certain operating expenses. Management considers the presentation applied herein to be most closely aligned with the organizational structure and operating nature of the Company following the acquisition of Webtech and provides more relevant, reliable and understandable consolidated financial statement presentation. Prior year comparatives for the year ending September 30, 2015 have been reclassified as follows: a $3,783 increase in cost of revenue and a $3,783 decrease in operations expenses. These reclassifications align the comparative year presentation to the current year presentation.

There were no changes to the consolidated statements of financial position, consolidated statements of changes in shareholders' equity or the consolidated statements of cash flows as a result of the change in the presentation described above.

3. Summary of significant accounting policies

The Company's significant accounting policies are as follows:

a) Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention.

b) Basis of consolidation

These consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiaries. Subsidiaries are those entities the Company controls by having the power to, directly or indirectly, govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated.

c) Business combinations

Acquisitions have been accounted for using the acquisition method required by IFRS 3. Goodwill arising on acquisition is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date. Transaction costs the Company incurs in connection with a business combination are expensed as incurred. The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit or loss.

d) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the general and administrative expenses during the period in which they are incurred.

Depreciation is calculated on a diminishing balance method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property and equipment are as follows:

Computer equipment	30% per annum
Leased computer equipment	30% per annum
Furniture and office equipment	20% per annum
Automobiles	30% per annum

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

The residual values, method of depreciation and useful lives of the assets are reviewed at least annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gains and losses in the consolidated statements of income and comprehensive income.

e) Intangible assets

The Company's intangible assets are stated at cost, less accumulated amortization and accumulated impairment. These assets are capitalized and amortized on a straight-line basis in the consolidated statements of income and comprehensive income over the period of their expected useful lives as follows:

Customer contracts and relationships	1 - 10 years
Trade secrets	8 years
Acquired technology	3 - 8 years
Computer software	2 years
Licences	2 - 5 years
Internally generated intangible assets	2 - 5 years

The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available-for-use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. If these criteria are not met, such expenditures are expensed as incurred.

f) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment by comparing its carrying value against the recoverable amount (the higher of value in use or fair value less costs to sell). Goodwill acquired through a business combination is allocated to each cash generating unit ("CGU") that is expected to benefit from the synergies of the related business combination. The Company currently has one CGU for the purposes of goodwill impairment testing at the operating segment level given this is the level at which goodwill is monitored.

g) Impairment of non-financial assets

Property, equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. When an indication of impairment is identified, the carrying value of the asset or group of assets is measured against the recoverable amount.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

h) Foreign currency translation

Each entity within the consolidated group accounts for transactions and balances at its functional currency which is the primary economic environment in which the respective entity operates. The functional currency of the Company and each of its subsidiaries is either the Canadian dollar or the United States dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of income and comprehensive income.

The consolidated entity's presentation currency is Canadian dollars. The results and financial position of entities whose functional currency is different from the presentation currency are translated into the presentation currency using the closing rate on the date of the consolidated statements of financial position for assets and liabilities, and at the average exchange rate for income and expenses. All resulting exchange differences are recognized in other comprehensive income.

i) Cash and cash equivalents

Cash and cash equivalents include highly liquid short-term investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and generally have original maturities of three months or less.

j) Revenue recognition

The Company derives revenue from the sale of vehicle and fixed asset tracking hardware products as well as professional services associated with the installation and customization of its products. Subscription revenue is derived through providing telematics data via its software platform.

The Company offers arrangements whereby a customer can purchase hardware together with installation and subscription services ("Bundled Product"). Where such multiple-element arrangements exist, the Company determines the separately identifiable components of the arrangement and allocates revenue among the components on a relative fair value basis. The revenue related to each component is then recognized in accordance with the policies described below.

Revenue from sale of vehicle and stationary asset tracking hardware is recognized when the Company has transferred the significant risks and rewards of ownership to the customer, revenue can be measured reliably, it is probable that economic benefits will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. These criteria are generally met at the time the hardware is delivered to the customer.

Under the Company's return policy, product returns are accepted for repairs and replacements only and the Company does not provide refunds to customers for returns.

The Company offers installation services for its hardware products. The Company also offers a suite of location based services under a software as a service ("SaaS") model that results in revenue from the subscribed devices. Services revenue includes monthly fees for telematics data provided under a SaaS model. Revenue from installation and SaaS arrangements is recognized when the outcome of the transaction can be estimated reliably, it is probable that the economic benefits of the transaction will flow to the Company, the stage of completion of the transaction can be measured at the end of the reporting period and the costs incurred and the costs to complete the transaction can be measured reliably. Generally, the Company recognizes revenue from installation services when installation is complete and SaaS revenue on a straight-line basis over the term of the arrangement.

Certain customer contracts provide for upfront payments. These payments are deferred until revenue can be recognized.

The Company's revenue from Bundled Products results in finance leases; under these arrangements the Company transfers substantially all the risks and rewards incident to legal ownership of the property to the customer. Under these arrangements, the customer pays a fixed amount periodically over the term of the contract.

The Company recognizes revenue from finance leases in accordance with IAS 17, Leases. The present value of the minimum lease payments are recognized as a receivable. The difference between the gross receivable and the present value of the receivable is recognized as finance income over the term of the lease.

k) Cost of revenue

Cost of revenue includes the costs of purchasing and assembling finished goods inventory and the direct costs of providing services. These costs include depreciation and amortization, direct labour and shipping and handling.

l) Inventories

Raw materials and finished goods inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Net realizable value is the expected selling price in the ordinary course of business, less any costs to complete and applicable selling expenses. If carrying value exceeds the net realizable amount, a writedown is recognized. The writedown may be reversed in a subsequent period if the circumstances which caused it no longer exist.

m) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred to the Company. Financial liabilities are derecognized when cash flows have transferred to the counterparty or the obligation to transfer such cash flows has expired. Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired, as follows:

i. Financial assets and financial liabilities at fair value through profit or loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statements of income and comprehensive income. Gains and losses arising from changes in fair value are presented in the consolidated statements of income and comprehensive income within other gains and losses in the period in which they arise. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realized or paid beyond 12 months of the date of the consolidated statements of financial position, which is classified as non-current. The Company does not

carry financial assets or financial liabilities at fair value through profit or loss other than contingent consideration classified as a liability.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's receivables comprise trade receivables, cash and cash equivalents and net investment in finance leases. These financial assets are initially recognized at fair value. Subsequently, they are measured at amortized cost using the effective interest method less any impairment.

iii. Financial liabilities at amortized cost

Financial liabilities at amortized cost include accounts payable, accrued liabilities and long-term debt. These financial liabilities are initially recognized at fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

n) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss on the financial asset, which is carried at amortized cost. The loss is determined as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the financial asset's original effective interest rate. The carrying value of the asset is reduced by this amount indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

o) Income taxes

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of income and comprehensive income except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period. Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated statements of financial position and are expected to apply when the deferred tax asset is realized or the liability is settled.

p) Investment tax credits

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. The investment tax credits are accounted for as a reduction of the related expenditures for items expensed in the consolidated statements of income and comprehensive income or a reduction of the related asset's cost for items capitalized in the consolidated statements of financial position provided that a reasonable assurance over collection of the tax credits exists and the Company will comply with any conditions attached.

q) Provisions and product warranties

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reasonably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

The Company provides limited warranties on certain products, which may extend beyond the manufacturer's warranty; hence, it provides for the estimated cost of product warranties. In establishing the warranty provision, the Company estimates the likelihood that products sold will experience warranty claims and the estimated cost to resolve claims received, considering the past and projected experience with the products.

r) Guarantees

In the normal course of business, the Company enters into agreements that may contain features which meet the definition of a guarantee under IFRS. As part of transactions involving sale of product and services, the Company may be required to pay counterparties for costs and losses incurred as a result of breaches of representations, changes in laws and regulations (including tax legislation) or litigation against the counterparties.

The Company indemnifies its directors, officers and employees against claims reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers, as well as those of its subsidiaries. The Company is unable to make a reasonable estimate of the maximum potential amount it would be required to pay counterparties. The amount also depends on the outcome of future events and conditions, which cannot be predicted. No amount has been accrued in the consolidated statements of financial position relating to these types of indemnifications or guarantees as at September 30, 2016 or 2015. Historically, the Company has not made any significant payments under these indemnifications or guarantees.

s) Stock-based compensation

The Company grants equity awards comprised of stock options, restricted share units and deferred share units to certain employees and directors of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. This number

of options expected to vest is reviewed at least annually, with any change in estimate recognized immediately in compensation expense with a corresponding adjustment to contributed surplus.

t) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity.

u) Earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable the Company's shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares of dilutive instruments is computed using the treasury stock method. The Company's potentially dilutive common shares include stock options and common shares in escrow.

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources and assessing the performance of the operating segments and has been identified as the CEO and CFO of the Company.

w) Significant accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in compliance with IFRS requires management to apply estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses as well as certain disclosures within the consolidated financial statements. It also requires management to exercise judgment in applying the Company's accounting policies. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Revenue recognition

The Company derives revenue from the sale of its products and by providing services. In recognizing revenue, the Company makes judgments about the probability of collection of such revenue. Further judgments are applied in determining whether certain deliverables constitute a separate unit of accounting and in determining the amount of revenue to allocate between the individual elements of multiple element arrangements.

ii. Determination of functional currency

The Company uses judgment in determining the functional currency for each entity within the consolidated group. The functional currency is determined based on an evaluation of the currency of each respective entities' primary economic environment. This requires an evaluation of the currency that primarily influences selling prices and the currency which mainly influences expenses and cash outflows,

among other factors. The Company has taken these factors into account when determining the functional currency for each entity in the consolidated group.

iii. Carrying value of deferred tax assets

The Company uses judgment in determining the recoverability of its deferred tax assets, which includes an evaluation of the nature and amount of tax assets recognized in the consolidated financial statements and the extent of taxable income that is expected to be generated in future periods against which deferred tax assets will be deductible. The Company regularly assesses its historical earnings, forecasted future earnings and expiry of tax assets in applying its judgments on the recognition and value of deferred tax assets. The Company's judgments regarding future profitability may change due to future market conditions, changes in tax legislation and other factors, which could affect the ongoing value of deferred income tax assets. These changes, if any, may result in material adjustment to the carrying value of deferred income tax asset balances in future periods.

b) Estimates and assumptions

In preparing the consolidated financial statements, the Company is required to make estimates and assumptions to determine the carrying amount of assets and liabilities. The significant areas requiring estimates and assumptions in determining the reported amounts in the consolidated financial statements are as follows:

i. Goodwill

The Company performed its impairment test for its sole CGU containing goodwill as at September 30, 2016 and 2015. The goodwill impairment test requires a calculation to determine the recoverable amount of goodwill. Management has determined the recoverable amount by determining the fair value less costs of disposal for its sole CGU containing goodwill. Determining fair value requires the use of estimates and assumptions about factors which impact the valuation of the CGU. Such estimates and assumptions include the forecasted financial performance of the Company and market factors applied. The Company has not identified any goodwill impairments for the year ending September 30, 2016 or 2015. Reasonably possible changes in key estimates and assumptions would not cause the recoverable amount of goodwill to fall below the carrying amount.

ii. Valuation of contingent consideration

The Company recognizes the fair value of contingent consideration relating to the acquisitions on the date the transaction closes. Contingent consideration is classified as either a liability carried at amortized cost or equity within contributed surplus. Contingent consideration classified as a liability is carried at fair value with changes in fair value flowing through the consolidated statements of income and comprehensive income. Contingent consideration classified as equity is not remeasured subsequent to initial recognition.

Contingent consideration classified as a liability is measured at fair value based on management's best estimate of the probability of the attainment of specified revenue and earnings targets at the date of acquisition and is subsequently revalued at each financial reporting period. Management's estimate of the probability of the attainment of specified revenue and earnings targets takes into account management's evaluation of the revenue and earnings forecasts for the respective acquired businesses and the risks thereon. Changes in management's estimate of the probability of achieving the specified target could have a material impact on the valuation of the contingent consideration classified as a liability. The current portion of contingent consideration is based on the Company's estimate of the value that will be payable within twelve months.

iii. Valuation of assets and liabilities in connection with a business combination

In accordance with IFRS 3, Business Combinations*,* accounting for an acquisition requires management to allocate the purchase price paid for an acquisition to the fair value of identified assets and liabilities acquired, with any residual recorded as goodwill. The identification of assets and liabilities required both judgments and estimates regarding the identification of balances acquired and the fair value thereon. The values of assets and liabilities are recorded at fair value based on management's best estimate. Key estimates and assumptions include: the forecasted financial performance of the acquired company; projected customer attrition of the acquired customer base; and the expected use of assets and liabilities acquired among other considerations. Changes in certain estimates and assumptions could have a material impact on the valuation of assets and liabilities recognized on a business combination.

iv. Warranty provision

The Company provides warranty coverage for hardware products typically for one year. Management considers historical experience data in determining the value of this provision as well as considering recent trends that might suggest past information may not be indicative of future claims. Factors that could impact the estimated claim information include the failure rates on new products which do not have experience data to draw on as well as replacement parts and labour costs. If the Company's assumption with respect to the return rate increased (decreased) by 10%, the warranty accrual would change by $72 (2015 - $72).

4. Cash and cash equivalents

	September 30, 2016	**September 30, 2015**
Cash	**$ 19,038**	$ 5,680
Short-term investments	**5,862**	18,300
Total	**24,900**	23,980
Restricted short-term investments	**-**	8,800
Total cash and restricted cash	**$ 24,900**	$ 32,780

During the year ended September 30, 2016, $8,800 of term deposits became unrestricted. The restriction as at September 30, 2015 was associated with certain lending terms under the Company's term debt facilities at that time. During the year ended September 30, 2016, the Company restructured its debt with its lender. Refer to note 12 for further disclosure.

5. Accounts receivable

	September 30, 2016	**September 30, 2015**
Accounts receivable	**$ 13,607**	$ 10,782
Allowance for doubtful accounts	**(827)**	(764)
Total	**$ 12,780**	$ 10,018

For the year ended September 30, 2016, general and administrative expenses include bad debts of $322 (2015 - $25). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional payment. The Company reviews its trade accounts receivable regularly and reduces amounts to their expected realizable values by making an allowance for doubtful receivables as soon as the accounts are determined not to be fully collectible.

6. Inventories

	September 30, 2016	September 30, 2015
Finished goods	**$ 2,459**	$ 3,194
Raw materials	**2,801**	3,629
Provision for obsolescence	**(759)**	(314)
Total	**$ 4,501**	$ 6,509

During the year ended September 30, 2016, the Company recorded product cost of revenue of $11,339 (2015 - $6,368) related to the sale of inventories. There were no specific impairments to inventory during the year ended September 30, 2016. During the year ended September 30, 2015, the Company recorded an impairment charge to inventories of $389 within the consolidated statements of income and comprehensive income. The impairment charge reflects the writedown to net realizable value of specified inventory as a result of the realignment of the Company's hardware portfolio in connection with the outsourcing of the Company's production function at that time and to reflect the end of life of certain products. There were no reversals of prior year inventory writedowns during the current year (2015 - $ nil).

7. Net investment in finance leases

The Company has hardware sales arrangements for finance leases with certain customers, who have options in their contracts to renew after the expiry of the term. Net investment in finance leases includes the following:

		September 30, 2016	
	Total future payments	**Unearned finance income**	**Present value**
Less than one year	**$ 1,305**	**$ 202**	**$ 1,103**
Between one and five years	**2,101**	**253**	**1,848**
Greater than five years	**-**	**-**	**-**
Total	**$ 3,406**	**$ 455**	**$ 2,951**

		September 30, 2015	
	Total future payments	Unearned finance income	Present value
Less than one year	$ 1,483	$ 170	$ 1,313
Between one and five years	2,312	293	2,019
Greater than five years	-	-	-
Total	$ 3,795	$ 463	$ 3,332

8. Share capital

a) Common shares:

Authorized: Unlimited common shares (no par value)

	September 30, 2016		September 30, 2015	
	Number	Amount	Number	Amount
Issued and outstanding:				
Balance, beginning of year excluding shares to be issued subject to future performance	**87,886,946**	**$ 92,249**	44,955,784	$ 53,543
Shares issued, net of tax	**-**	**-**	-	-
Shares issued for options and warrants exercised	**774,473**	**763**	75,000	155
Shares issued for RSUs vested	**67,500**	**103**	23,946	35
Shares issued for DSUs exchanged	**114,535**	**117**	-	-
Shares repurchased and cancelled (i)	**(7,523,500)**	**(7,371)**	(348,300)	(347)
Share issued for acquisition of Webtech (ii)	**-**	**-**	43,180,516	38,863
Shares released from escrow	**-**	**-**	-	-
Balance, excluding shares to be issued subject to future performance	**81,319,954**	**$ 85,861**	87,886,946	$ 92,249
Shares issued in escrow:				
Subject to Company's performance (iii)	**54,795**	**-**	54,795	-
Subject to earn-out clause - AWI (iv)	**-**	**-**	714,286	-
Subject to earn-out clause - JMM (v)	**699,575**	**-**	699,575	-
Subject to earn-out clause - Praxis (vi)	**500,000**	**-**	500,000	-
Balance of issued shares, end of year	**82,574,324**	**$ 85,861**	89,855,602	$ 92,249

(i) On December 17, 2015, the Company obtained approval for its intention to commence a normal course issuer bid (the "Bid"). Under the terms of the Bid, the Company may acquire up to 8,559,564 common shares from time to time in accordance with TSX procedures, representing approximately 10% of the total public float of common shares. The Bid commenced on December 23, 2015 and will conclude on December 22, 2016, or earlier if the number of common shares sought in the Bid has been purchased. From time to time, the Company may make purchases under the Bid via an automatic securities repurchase plan (a "Plan"), through which the timing for the purchase of common shares, the number of common shares purchased and the price payable for the common shares will be determined by the Company's broker, at its sole discretion. Such purchases are subject to a prescribed maximum price payable, without consultation with the Company, having regard to the price limitations and other terms of the Plan and the rules of the TSX. Other than purchases made in compliance with the provisions of the block purchase exemption of the TSX, daily purchases under the Bid will be limited to a maximum of 51,692 common shares which represents 25% of the average daily trading volume on the TSX for the period from October 6, 2015 to November 30, 2015. As at September 30, 2016, the Company did not have an automatic securities repurchase plan in place.

During the year ended September 30, 2016, the Company repurchased and cancelled 7,523,500 common shares in accordance with the Bid (2015 - 348,300).

(ii) On September 30, 2015, among other consideration paid, the Company issued 43,180,516 common shares to acquire all of the issued and outstanding shares of Webtech.

(iii) During the year ended September 30, 1998, the Company entered into an agreement with the former President of the Company and certain other parties whereby 150,990 common shares were issued in escrow and would only be released if the Company attained certain cash flow levels. During the years ended September 30, 2001, 2002 and 2003, the Company cancelled 96,208 of these shares pursuant to settlements reached with these parties. The remaining 54,795 common shares owned by other parties remain in escrow subject to these performance targets. The Company continues to monitor the targets on the escrow shares.

(iv) Consideration paid for the acquisition of AutoVision Wireless Inc. ("Autovision") included deferred contingent consideration of up to $5,000,000 in cash and up to 2,142,858 common shares, which are subject to AutoVision attaining service revenue targets in each of the three years following completion of the acquisition. The contingent payment for achieving specified recurring service revenue performance was not attained in the third anniversary following the closing of the acquisition of Autovision. Accordingly, the 714,286 common shares remaining in escrow were returned to treasury and cancelled on July 7, 2016. As at September 30, 2016, no shares remain held in escrow.

(v) Consideration paid for the acquisition of JMM Management Group LLC ("JMM") included contingent share consideration subject to specified revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA") targets. As at September 30, 2016, 699,575 common shares remain held in escrow and will be released or cancelled based on the attainment of the specified revenue and EBITDA targets.

(vi) Consideration paid for the acquisition of Praxis Transportation Solutions Inc. ("Praxis") included contingent share consideration subject to specified revenue targets. As at September 30, 2016, 500,000 shares remain held in escrow and will be released or cancelled based on the attainment of the specified revenue targets.

b) Stock options:

A summary of the Company's stock options for the years ended September 30, 2016 and 2015 is presented below:

	September 30, 2016		**September 30, 2015**	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance, beginning of year	**3,211,665**	**$ 1.18**	1,646,702	$ 1.89
Issued	**-**	**-**	1,986,042	0.75
Exercised	**(784,759)**	**0.61**	(75,000)	1.45
Cancelled	**(377,090)**	**1.38**	(6,079)	1.98
Forfeited	**(142,313)**	**1.05**	(340,000)	1.97
Expired	**(140,679)**	**1.18**	-	-
Balance, end of year	**1,766,824**	**1.41**	3,211,665	$ 1.18

The following table summarizes information about stock options outstanding as at September 30, 2016:

Exercise price	Number Outstanding	Weighted average remaining contractual life (years)
$0.00 - $0.50	349,017	3.03
$0.51 - $1.00	338,222	2.79
$1.01 - $1.50	716,333	1.41
$1.51 - $2.00	3,252	0.47
$2.01 - $2.50	95,000	2.74
$2.51 - $3.00	-	-
$3.00 - $3.50	265,000	2.27
Balance, end of year	1,766,824	2.19

As at September 30, 2016, 1,577,325 stock options were exercisable (2015 – 2,535,564).

On September 30, 2015, in connection with the acquisition of Webtech, the Company granted 1,636,042 stock options to former Webtech officers, employees and directors to replace Webtech options held by those individuals at the time of closing of the acquisition. Each stock option represents an option to purchase one common share. The options were granted with the same terms and conditions as were applicable to the Webtech options immediately prior to the closing of the acquisition.

During the year ended September 30, 2016, the Company granted nil stock options to officers, employees and directors (2015 – 350,000). Each stock option represents an option to purchase one common share. All options granted vest on a graded basis over 18 months and expire five years from their respective date of grant. The aggregate fair value of share options granted during the year ended September 30, 2016 was $nil (2015 - $203). The Company recognized share-based compensation expense on the vesting of stock options of $88 for the year ended September 30, 2016 (2015 – $192).

The fair value of each stock option is estimated on the date of the grant using the Black-Scholes option pricing model. The options issued were valued using the following assumptions:

Assumption	2016 range	2015 range
Risk-free rate	Not applicable, none granted	0.52% - 1.01%
Expected volatility		53.11% - 59.61%
Expected life in years		3 years
Expected dividend yield		-

c) Restricted share units ("RSUs") and Deferred share units ("DSUs")

During the year ended September 30, 2016, the Company granted 987,000 RSUs to employees pursuant to the Company's Restricted Share Unit Plan (2015 - 787,725). Each RSU represents the right for the holder to be issued one common share pursuant to vesting conditions over three years. The fair value of RSUs granted was $0.86 per unit (287,000 RSUs) and $1.13 per unit (700,000 RSUs), the closing prices on the respective grant dates. Share based compensation expense of $444 was recognized in the year related to the vesting of RSUs (2015 - $289).

The following is a continuity of the Company's RSUs for the year ended September 30, 2016:

	2016	2015
Balance, beginning of year	**697,906**	45,000
Issued	**987,000**	787,725
Settled in common shares	**(67,500)**	(23,946)
Forfeited	**(17,500)**	(110,873)
Balance, end of year	**1,599,906**	697,906

During the year ended September 30, 2016, the Company granted 204,535 DSUs to directors of the Company pursuant to the Company's Deferred Share Unit Plan (2015 – 47,500). Each DSU represents the right for the holder to be issued one common share and vest on grant, however they are not exchangeable for common shares until the holder ceases to be a director of the Company. The fair value of DSUs granted was $0.86 per unit, the closing price on the date of grant. Share-based compensation expense of $176 was recognized in the year ended September 30, 2016 related to the vesting of DSUs (2015 - $70). The following is a continuity of the Company's DSUs for the year ended September 30, 2016:

	2016	2015
Balance, beginning of year	**47,500**	-
Issued	**204,535**	47,500
Settled in common shares	**(114,535)**	-
Forfeited	**-**	-
Balance, end of year	**137,500**	47,500

d) Earnings per share:

The effects of any shares issued in escrow that are subject to performance conditions are not included in the calculation of the weighted average number of common shares outstanding on a diluted basis as they are not expected to have a dilutive impact on earnings per share. Shares released from escrow on meeting contingent requirements are included in the calculation of basic weighted average number of shares outstanding. The calculation of the diluted weighted average number of common shares outstanding does not include stock options that are out of the money and includes vested DSUs, which are exchangeable for common shares.

	Year ended September 30	
	2016	**2015**
Weighted average number of shares – basic	**83,999,324**	44,908,097
Dilutive effect of stock options and DSUs	**435,045**	604,278
Weighted average number of shares – diluted	**84,434,369**	45,512,375

9. Property and equipment

	Computer equipment	Leased computer equipment	Furniture and office equipment	Leasehold improvements	Automobiles	Total
Cost - Sept. 30, 2015	$ 2,395	$ 342	$ 766	$ 332	$ 47	$ 3,882
Additions	269	-	179	5	-	453
Fully depreciated assets	(4)	-	(25)	-	(4)	(33)
FX loss	(1)	-	(2)	-	(1)	(4)
Cost - Sept. 30, 2016	**2,659**	**342**	**918**	**337**	**42**	**4,298**
Accumulated depreciation - Sept. 30, 2015	(1,371)	(321)	(461)	(47)	(28)	(2,228)
Depreciation charge for the year	(478)	(7)	(98)	(121)	(7)	(711)
Fully depreciated assets	4	-	25	-	3	32
FX gain	1	-	-	-	-	1
Accumulated depreciation - Sept. 30, 2016	**(1,844)**	**(328)**	**(534)**	**(168)**	**(32)**	**(2,906)**
Net book value - Sept. 30, 2015	1,024	21	305	285	19	1,654
Net change in the year	(209)	(7)	79	(116)	(9)	(262)
Net book value - Sept. 30, 2016	**$ 815**	**$ 14**	**$ 384**	**$ 169**	**$ 10**	**$ 1,392**

	Computer equipment	Leased computer equipment	Furniture and office equipment	Leasehold improvements	Automobiles	Total
Cost - Sept. 30, 2014	$ 1,751	$ 342	$ 653	$ 135	$ 43	$ 2,924
Additions	95	-	35	9	-	139
Additions on acquisitions	529	-	72	187	-	788
FX gain	20	-	6	1	4	31
Cost - Sept. 30, 2015	**2,395**	**342**	**766**	**332**	**47**	**3,882**
Accumulated depreciation - Sept. 30, 2014	(1,150)	(312)	(402)	(31)	(15)	(1,910)
Depreciation charge for the year	(211)	(9)	(53)	(16)	(10)	(299)
FX loss	(10)	-	(6)	-	(3)	(19)
Accumulated depreciation - Sept. 30, 2015	**(1,371)**	**(321)**	**(461)**	**(47)**	**(28)**	**(2,228)**
Net book value - Sept. 30, 2014	601	30	251	104	28	1,014
Net change in the year	423	(9)	54	181	(9)	640
Net book value - Sept. 30, 2015	**$ 1,024**	**$ 21**	**$ 305**	**$ 285**	**$ 19**	**$ 1,654**

10. Intangible assets

	Customer contracts and relationships	Trade secrets	Acquired technology	Computer software	Licenses	Internally generated intangible assets	Total
Cost - Sept. 30, 2015	$ 27,863	$ 5,126	$ 1,965	$ 6	$ 543	$ 700	$ 36,203
Additions	-	-	-	20	-	892	912
Fully depreciated items	-	-	-	(6)	-	-	(6)
FX loss	(141)	(106)	(13)	-	-	(5)	(265)
Cost - Sept. 30, 2016	**27,722**	**5,020**	**1,952**	**20**	**543**	**1,587**	**36,844**
Accumulated amortization - Sept. 30, 2015	(3,743)	(855)	(240)	(4)	(153)	(152)	(5,147)
Amortization charge for the year	(4,355)	(634)	(453)	(22)	(81)	(67)	(5,612)
Fully amortized items	-	-	-	6	-	-	6
FX gain	41	24	3	-	-	-	68
Accumulated amortization - Sept. 30, 2016	(8,057)	(1,465)	(690)	(20)	(234)	(219)	(10,685)
Net book value - Sept. 30, 2015	24,120	4,271	1,725	2	390	548	31,056
Net change in the year	(4,455)	(716)	(463)	(2)	(81)	820	(4,897)
Net book value - Sept. 30, 2016	**$ 19,665**	**$ 3,555**	**$ 1,262**	**$ -**	**$ 309**	**$ 1,368**	**$ 26,159**
Cost - Sept. 30, 2014	$ 15,058	$ 4,289	$ 858	$ 185	$ 364	$ 345	$ 21,099
Additions	-	-	-	-	179	397	576
Additions on acquisition of Webtech	12,900	-	1,000	-	-	-	13,900
Fully amortized items	(1,208)	-	-	(179)	-	(47)	(1,434)
FX gain	1,113	837	107	-	-	5	2,062
Cost - Sept. 30, 2015	**27,863**	**5,126**	**1,965**	**6**	**543**	**700**	**36,203**
Accumulated amortization - Sept. 30, 2014	(2,503)	(179)	(103)	(181)	(76)	(115)	(3,157)
Amortization charge for the year	(2,301)	(588)	(127)	(2)	(77)	(84)	(3,179)
Fully amortized items	1,208	-	-	179	-	47	1,434
FX loss	(147)	(88)	(10)	-	-	-	(245)
Accumulated amortization - Sept. 30, 2015	**(3,743)**	**(855)**	**(240)**	**(4)**	**(153)**	**(152)**	**(5,147)**
Net book value - Sept. 30, 2014	12,555	4,110	755	4	288	230	17,942
Net change in the year	11,565	161	970	(2)	102	318	13,114
Net book value - Sept. 30, 2015	**$ 24,120**	**$ 4,271**	**$ 1,725**	**$ 2**	**$ 390**	**$ 548**	**$ 31,056**

11. Goodwill

The Company has recognized goodwill on acquisitions completed in prior periods. The Company has not identified any goodwill impairments for the year ending September 30, 2016 or 2015. Reasonably possible changes in key estimates and assumptions would not cause the recoverable amount of goodwill to fall below the carrying amount.

The following is a summary of the Company's goodwill for the year ended September 30, 2016:

Balance - September 30, 2015	**$ 21,559**
PPA measurement period adjustment	749
Revised balance - September 30, 2015	**22,308**
Foreign exchange revaluation	(145)
Balance - September 30, 2016	**$ 22,163**

12. Long-term debt

On June 30, 2016, the Company's Canadian term facility matured and the outstanding principal balance of $1,990 was repaid. Total principal payments against this facility for the year ended September 30, 2016 including the maturity payment totalled $2,690 (2015 - $2,560). During the year ended September 30, 2016, the Company made US$750 in scheduled principal repayments against the US Term Facility (2015 - $nil). During the year ended September 30, 2016, the Company incurred $254 in interest expense on its credit facilities (2015 - $330).

On August 24, 2016, the Company replaced its existing US Term Debt Facility ("US Term Facility") with a revolving credit facility ("Revolver"). In connection with the credit restructuring, the Company transferred the US Term Facility outstanding principal balance of US$6,000 to the Revolver. As at September 30, 2016, the Company had US$6,034 drawn against the Revolver.

The Revolver is secured by a first ranking security interest over all personal property of the Company. The Revolver also contains certain financial covenants including maximum debt leverage, minimum profitability ratios, and other non-financial covenants with which the Company is required to comply. The Company is in compliance with these covenants as at September 30, 2016. Expected covenant compliance is based on forward looking financial information. Changes in such information or actual performance may necessitate an amendment to the financial covenants or result in a requirement to repay a portion or all of the Company's indebtedness.

13. Provisions

The following table provides a roll-forward of items which comprise both the current and long-term portion of provisions on the consolidated statements of financial position.

	Warranty	Restructuring	Legal	Total
At September 30, 2015	**$ 723**	**$ 680**	**$ 140**	**$ 1,543**
Provisions created during the year	271	105	-	376
Provisions reversed during the year	-	-	(15)	(15)
Provisions utilized during the year	(274)	(372)	(125)	(771)
At September 30, 2016	**$ 720**	**$ 413**	**$ -**	**$ 1,133**

	Warranty	Restructuring	Legal	Total
At September 30, 2014	**$ 425**	**$ 97**	**$ 265**	**$ 787**
Provisions created during the year	264	158	75	497
Provisions reversed during the year	-	-	(65)	(65)
Provisions utilized during the year	(283)	(255)	(135)	(673)
Provisions added from acquisitions	317	680	-	997
At September 30, 2015	**$ 723**	**$ 680**	**$ 140**	**$ 1,543**

(a) Warranty provision

Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about product returns. The Company typically provides a warranty for its products for up to one year. The carrying amount of the warranty accrual is expected to be used over the next twelve months. Warranty expense is recorded as a component of cost of revenues.

(b) Legal provision

Legal claims represent various claims brought against the Company in the normal course of its operations. The Company provides for legal claims that are considered material and those based on management's best estimate, are likely to give rise to a liability and the amount of which can be reliably estimated.

(c) Restructuring provision

The provision for restructuring represents management's best estimates of the remaining costs associated with certain restructuring initiatives. The restructuring provision as at September 30, 2016 represents the present value of lease payments for premises no longer occupied. Within the consolidated statements of financial position, the provision for restructuring is presented with both a current and long-term portion. The long-term portion is the present value of lease obligations expected to be paid greater than 12 months from the date of the consolidated statements of financial position.

14. Financial instruments, related risks and capital disclosures:

Under IFRS, financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables, and other financial liabilities. The following table summarizes information regarding the carrying values of the Company's financial instruments:

	September 30, 2016	September 30, 2015
Other financial liabilities (i)	$ 19,343	$ 27,685
Loans and receivables (ii)	$ 40,631	$ 46,130

i. Comprised of accounts payable, accrued liabilities, long-term debt and contingent consideration classified as a liability.
ii. Comprised of accounts receivable, net investment in finance leases, cash and cash equivalents, and restricted cash.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value

The carrying values of cash and cash equivalents, restricted cash, accounts receivable, investment tax credits receivable and accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of net investment in finance leases and long-term debt is considered to be insignificant given the limited movement in the market rates of interest since the initial recognition of these instruments.

Fair value hierarchy

Under IFRS, fair values determined by Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs use inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., prices) or indirectly (i.e., derived from prices). Fair values using Level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The Company's sole financial instrument measured at fair value in the consolidated statements of financial position as at September 30, 2016 and September 30, 2015 is the contingent consideration classified as a liability. The fair value of this instrument is determined using Level 3 inputs. The Company has no financial assets or liabilities measured using Level 1 or Level 2 inputs. Refer to note 20 for further disclosure.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars. Foreign exchange risk arises on assets, liabilities, trade receivables and trade payables which are denominated in a currency other than the entity's functional currency. The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows. The Company has revenues generated and expenses incurred in currencies other than its functional currency and therefore it manages foreign currency risk with a natural hedge, to the extent practical. In the year ended September 30, 2016, the Company recognized a foreign currency exchange loss in the consolidated statements of income and comprehensive income of $66 (2015 – gain of $689).

In addition to the foreign exchange risk on assets and liabilities held in a currency other than the entity's functional currency, the Company is exposed to foreign exchange risk arising on its net investment in foreign operations. In the year ended September 30, 2016, within other comprehensive income, the Company recognized a foreign currency exchange loss, net of deferred taxes, of $113 (2015 – gain of $509).

If a 10% shift in the Canadian dollars to the US dollars foreign currency exchange rates were to occur (and all other variables held constant), the foreign currency exchange gain or loss on the revaluation of assets and liabilities denominated in US dollars would be plus or minus $269 and this would be recorded in the consolidated statements of income and comprehensive income (2015 - plus or minus $177).

Interest rate risk

The Company has interest rate risk on its short-term investments and its credit facility. Under its credit facility, the Company may borrow either at stated rates or LIBOR plus an applicable margin. As at September 30, 2016, the Company was not exposed to fluctuations in the LIBOR on its Revolver. As at September 30, 2016, a 100 basis point increase or decrease in the variable interest rates on the short-term investment balances would have resulted in an annualized change in interest earned of approximately $59 (2015 - $183).

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The carrying value of cash and cash equivalents, restricted cash, investment tax credits, net investment in finance leases and accounts receivable represent the Company's maximum exposure to credit risk. The trade receivables and net investment in finance leases have an exposure to economic downturns. Most of the Company's customers are not independently rated, therefore the quality of the customer is considered by taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored to minimize this risk.

The Company reviews its trade accounts receivable regularly and reduces amounts to their expected realizable values by making an allowance for doubtful receivables, as soon as the accounts are determined not to be fully collectible.

As at September 30, 2016, trade accounts receivable of $3,326 (2015 - $1,859) were past due but not impaired. These amounts relate to customers for whom there is no recent history of default. The aging of these receivables is as follows:

	September 30, 2016	September 30, 2015
Less than 30 days past due	**$ 1,334**	$ 410
Greater than 30 days past due	**1,992**	1,449
Total	**$ 3,326**	$ 1,859

The allowance for doubtful accounts is charged against income and included in general and administrative expenses. Shortfalls in collections are applied against this provision. The activity of the allowance for doubtful accounts for the year is as follows:

	September 30, 2016	September 30, 2015
Allowance for doubtful accounts - Beginning of year	**$ 764**	$ 421
Bad debt expense	**322**	25
Writeoff of bad debts	**(259)**	(230)
Acquisition of Webtech	**-**	548
Allowance for doubtful accounts - End of year	**$ 827**	$ 764

In addition to accounts receivable, the Company also has credit risk relating to cash and short-term investments. This risk is managed by maintaining cash and short-term investments at Schedule 1 financial institutions with a minimum credit rating of Aa1.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's objective for liquidity risk management is to maintain sufficient liquid financial resources to fund obligations on the consolidated statements of financial position and to meet commitments and obligations in the most cost-effective manner possible. The Company achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Company monitors its financial resources and updates its expected use of cash resources based on the latest available data. Surplus cash held over and above balances required for working capital management are invested in interest bearing short-term deposits.

Management's estimate of the Company's contractual maturities for its financial liabilities are as shown in the following table and are disclosed in the currency they are expected to be settled in. This includes amounts payable for contingent consideration of which the amount is recorded at fair value and the timing of payment is variable. For further disclosure on the nature of contractual obligations refer to note 20.

Contractual obligations	USD denominated long-term debt, principal and interest repayments	CAD denominated contingent consideration on acquisitions	USD denominated contingent consideration on acquisitions
Fiscal Year 2017	$ -	$ 631	$ -
Fiscal Year 2018	-	-	3,565
Fiscal Year 2019 and later years	7,721	94	213
Total	**$ 7,721**	**$ 725**	**$ 3,778**

Management forecasts that the Company's existing cash and cash equivalents, cash generated from operations and the undrawn portion of the Revolver will be adequate to meet its financial liabilities and contractual commitments.

Management of capital

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy, fund research and development and undertake selective acquisitions while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed of share capital, contributed surplus, long-term debt and contingent consideration classified as a liability. Total capital as at September 30, 2016 is $106,032 (2015 - $117,778).

15. Commitments and contingencies

The Company has commitments for debt repayments and contingent obligations for contingent consideration payable related to acquisitions as specified in note 20. The Company also has commitments in respect of its leases for premises and supplier commitments with the following total minimum annual payments:

Year	Commitment
2017	$ 3,213
2018	1,570
2019	562
2020 and later years	1,077
Total	**$ 6,422**

16. Change in non-cash operating working capital:

	Year ended September 30	
	2016	**2015**
Accounts receivable	**$ (2,779)**	$ 4,186
Net investment in finance leases (including long-term portion)	**380**	105
Inventories	**1,990**	(1,206)
Prepaid expenses and other assets	**369**	(81)
Accounts payable	**(124)**	(1,448)
Accrued liabilities	**(2,668)**	1,016
Provisions	**(402)**	(240)
Deferred revenue	**405**	63
Total	**$ (2,829)**	$ 2,395

17. Segmented information

The Company operates as one operating segment. Segmentation is based on internal reporting and organizational structure, taking into account the different risk and income structures of the key products of the Company.

(a) Revenue, cost of revenue and gross profit by category is as follows:

	Year ended September 30, 2016			
	Hardware revenue	Recurring revenue	Services revenue	Total
Revenue	**$ 16,268**	**$ 38,264**	**$ 4,465**	**$ 58,997**
Cost of revenue	**11,339**	**10,734**	**3,927**	**26,000**
Gross profit	**$ 4,929**	**$ 27,530**	**$ 538**	**$ 32,997**

	Year ended September 30, 2015			
	Hardware revenue	Recurring revenue	Services revenue	Total
Revenue	$ 8,484	$ 20,573	$ 1,634	$ 30,691
Cost of revenue	5,862	7,273	2,289	15,424
Gross profit	$ 2,622	$ 13,300	$ (655)	$ 15,267

(b) Revenue by geography, based on customer location, is as follows:

	Year ended September 30	
	2016	**2015**
Canada	**$ 24,855**	$ 16,242
United States	**32,857**	13,645
International	**1,285**	804
Total	**$ 58,997**	$ 30,691

(c) Non-current assets by geographic location is as follows:

	Year ended September 30	
	2016	2015
Canada	**$ 55,131**	$ 54,555
United States	**17,468**	17,410
Total	**$ 72,599**	$ 71,965

18. Expenses by nature

	Year ended September 30	
	2016	**2015**
Cost of revenue	**$ 26,000**	$ 15,424
Salaries, wages and benefits	**18,243**	9,969
Share-based compensation expense	**710**	518
Amortization and depreciation	**5,894**	3,145
Professional fees	**1,209**	842
Travel, entertainment and related expenses	**1,331**	764
Advertising and promotions	**771**	312
Operating lease payments	**1,234**	702
Office, general and insurance expenses	**824**	870
Restructuring expense	**803**	218
Fair value adjustments	**(1,854)**	(3,201)
Foreign exchange gain (loss)	**66**	(689)
Acquisition related cost	**348**	2,340
Other expenses	**1,648**	275
Investment tax credits	**-**	(200)
Interest expense	**549**	647
Total expenses	**$ 31,776**	$ 16,512

19. Current and deferred income taxes

In the year ended September 30, 2016, $6,032 of previously unrecognized temporary differences were recognized as a deferred tax asset. Following the acquisition of Webtech, management achieved cost synergies which increased the taxable profits generated by the consolidated Company. The added history of profitability together with management's expectation for taxable profits in future periods led management to expect that it is probable that taxable profits will be available against which tax losses can be utilized.

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016	2015
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	**$ 23,015**	$ 18,173
Deferred tax asset to be recovered within 12 months	**2,443**	2,487
	25,458	20,660
Deferred tax liabilities:		
Deferred tax liability to be utilized after more than 12 months	**(2,837)**	(5,132)
Deferred tax liability to be utilized within 12 months	**(1,584)**	(600)
	(4,421)	(5,732)
Deferred tax asset (net)	**$ 21,037**	$ 14,928

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

For the year ending September 30, 2016:

Deferred tax assets	Fixed assets	Financing costs and other	Tax losses and R&D costs	R&D credit	Total
Opening balance at October 1, 2015	$ 506	$ 1,174	$ 14,445	$ 4,535	$ 20,660
Credited (charged) to deferred tax expense	96	(176)	5,160	(107)	4,973
Credited to R&D expense	-	-	110	(285)	(175)
Ending balance at September 30, 2016	**$ 602**	**$ 998**	**$ 19,715**	**$ 4,143**	**$ 25,458**

Deferred tax liabilities	Net investment in foreign operations	Intangible Assets	Tax on R&D Credits	Total
Opening balance at October 1, 2015	$ (68)	$ (4,520)	$ (1,145)	$ (5,733)
Credited to deferred tax expense	-	1,259	29	1,288
Credited to accumulated other comprehensive income	6	-	-	6
Credited to R&D expense	-	-	18	18
Ending balance at September 30, 2016	**$ (62)**	**$ (3,261)**	**$ (1,098)**	**$ (4,421)**

For the year ending September 30, 2015:

Deferred tax assets	Property and equipment	Financing costs and other	Tax losses and R&D costs	R&D credit	Total
Opening balance at October 1, 2014	$ 171	$ 780	$ 7,157	$ 2,711	$ 10,819
Credited (charged) to deferred tax expense	226	265	(14)	-	477
Credited to R&D expense	-	-	-	207	207
Acquisition of subsidiary	109	129	7,302	1,617	9,157
Ending balance at September 30, 2015	**$ 506**	**$ 1,174**	**$ 14,445**	**$ 4,535**	**$ 20,660**

Deferred tax liabilities	Net investment in foreign operations	Intangible assets	Tax on R&D credits	Total
Opening balance at October 1, 2014	$ -	$ (1,648)	$ (676)	$ (2,324)
Credited to deferred tax expense	-	667	-	667
Charged to accumulated other comprehensive income	(68)	-	-	(68)
Acquisition of subsidiary	-	(3,539)	(416)	(3,955)
Charged to R&D expense	-	-	(53)	(53)
Ending balance at September 30, 2015	**$ (68)**	**$ (4,520)**	**$ (1,145)**	**$ (5,733)**

The expiry of tax losses is as follows:

2025	$ 584
2026	13,103
2027	8,587
2028	7,284
2029	15,921
2030	5,449
2031	7,438
2032	677
2033	453
2034	1,400
2035	1,525
2036	254
Total	**$ 62,675**

The following table summarizes current and deferred income taxes:

	2016	2015
Current tax expense	**$ 62**	$ 5
Deferred tax expense		
Previously unrecognized temporary differences	**(6,032)**	(301)
Impact of deferred tax rates	**(383)**	27
Period expense (recovery)	**154**	(870)
Total deferred tax expense	**(6,261)**	(1,144)
Total	**$ (6,199)**	$ (1,139)

The following table presents a reconciliation of tax expense from the statutory rate to the effective rate:

	2016		2015	
Income (loss) before income taxes	**$ 1,410**		**$ (1,121)**	
Income tax expense at the combined statutory rate	374	26.53%	(295)	26.37%
Increase (decrease) resulting from				
Non-deductible expenses	424	30.07%	306	(27.27%)
Fair value adjustment on contingent consideration	(594)	(42.13%)	(844)	75.22%
Recognition of previously unrecognized temporary differences	(6,032)	(427.80%)	(301)	26.82%
Impact of change in future tax rates	(383)	(27.16%)	28	(2.50%)
US rate differentials	(31)	(2.20%)	(14)	1.25%
Other	43	3.05%	(19)	1.69%
Income tax recovery	**$ (6,199)**	**(439.65%)**	**$ (1,139)**	**101.61%**

20. Contingent consideration

The Company has recognized contingent consideration classified as a liability within the consolidated statements of financial position. The liability is recorded as the fair value of future deferred consideration associated with companies acquired in prior periods. Fair value is determined based on management's estimate of the present value of the amounts expected to be paid subject to the contingent performance targets for each respective acquisition.

Re-measurement of the fair value of contingent consideration is performed by the Company at each financial reporting period. Key unobservable inputs comprise management's best estimate of the probability that acquired businesses will achieve specified revenue and EBITDA targets in specified time frames following the respective acquisitions. The estimated fair value increases as the estimated probability associated with the revenue and EBITDA targets increase and vice versa for decreases in fair value.

During the year ended September 30, 2016, the Company recognized a fair value gain of $1,854 as a result of a revision in management's estimate of the amount and timing of future payments based on further information available regarding the operating performance of certain acquired companies (2015 - $3,201).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

Balance at September 30, 2015	**$ 6,264**
Cash payments	(126)
Accreted interest	325
Fair value adjustments	(1,854)
Foreign exchange impact	(106)
Balance at September 30, 2016	**$ 4,503**

Balance at September 30, 2014	**$ 8,541**
Cash payments	(659)
Accreted interest	473
Fair value adjustments	(3,201)
Foreign exchange impact	1,110
Balance at September 30, 2015	**$ 6,264**

21. Related party transactions

The Company has entered into lease arrangements for office premises owned by certain executives of its acquired subsidiaries. The leases were negotiated at the time of acquisition and represented fair value rents for the leased premises. Such lease payments amounted to $189 for the year ended September 30, 2016 (2015 - $177). Related party transactions also include compensation earned by key management, comprised of the Company's executive officers and directors. Compensation earned by key management is shown in the following table:

	Years ended September 30	
	2016	**2015**
Salaries, wages and benefits	**$ 2,201**	$ 1,487
Share-based compensation expense	**479**	371
Total	**$ 2,680**	$ 1,858

22. Subsequent events

On October 4, 2016, the Company announced the acquisition of substantially all the assets of Mobi Corp. for initial cash consideration before working capital adjustments of US$8 million. Additional consideration of up to US$17 million is payable upon the attainment of specified financial targets in the two years following closing. The Mobi Corp. product offering enables its customers to manage operational activities such as planning, scheduling, routing and dispatching and uses available GPS data to provide additional analytics.

23. New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for adoption for reporting periods beginning on October 1, 2015 and have not been early adopted by the Company. The Company has not yet assessed the impact of these new standards and amendments or whether these standards and amendments will be early adopted.

i. IFRS 9, Financial Instruments. In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments - Recognition and Measurement, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory.

ii. IFRS 15, Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes a single comprehensive model of accounting for revenue arising from contracts with customers that an entity will apply to determine the measurement of revenue and the timing of when it is recognized. This standard will replace IAS 18, Revenue, which covers contracts for goods and services and IAS 11, Construction Contracts, which covers revenue from construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The new standard will be effective for the fiscal year beginning on or after January 1, 2018 and earlier application is permitted. Adoption of the standard may have flow-on effects on adopting an entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.

iii. IFRS 16, Leases. On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019 and earlier application is permitted. Under the new standard, all leases will be recorded on the balance sheet of lessees, except those that meet the limited exception criteria.