For Immediate Release

DATA COMMUNICATIONS MANAGEMENT CORP. ANNOUNCES FIRST QUARTER FINANCIAL RESULTS FOR 2017

HIGHLIGHTS

FIRST QUARTER 2017

- Completed acquisitions of Eclipse Colour & Imaging Corp. (“Eclipse”) and Thistle Printing Limited (“Thistle”), financial results benefited from five weeks of successful integration
- Increased availability and amendment of certain terms on senior credit facilities
- Further cost reductions through streamlining of order-to-production process
- Revenues of $70.1 million compared with $74.6 million in the prior year, a decrease of 6.0% year over year
- Net Loss of $2.1 million, including restructuring expenses of $1.9 million and $1 million of acquisition costs, compared to Net Income of $1.8 million, including restructuring expenses of $0.3 million in the prior comparative period
- Adjusted EBITDA of $2.9 million, compared to $5.7 million in the prior year (See Table 2 and “Non-IFRS Measures” below)

RECENT EVENTS

- Gregory J. Cochrane, President, assumes responsibilities of former Senior Vice President, Sales

Brampton, Ontario – May 12, 2017 – DATA Communications Management Corp. (TSX: DCM) (“DATA” or the "Company"), a leading provider of business communication solutions to companies across North America, announced its consolidated financial results for the three months ended March 31, 2017.

“We are pleased to share that the integration of Eclipse and Thistle is progressing well. We are seeing early signs of cost and margin synergies, and are actively pursuing cross-selling opportunities,” said Michael G. Sifton, Chief Executive Officer of DATA. “We also continue to evaluate our business for further operating efficiencies, enhanced profitability, business growth and strategic acquisitions. We expect that all these initiatives will support our long-term vision of creating a more streamlined company with strong core capabilities, continuing our evolution to a communications management and marketing services provider.”

Strategic acquisitions

On February 22, 2017 (the “Closing Date”), DATA completed the acquisition of substantially all of the assets of Eclipse and all of the shares of Thistle and accordingly our financial results for the first quarter of 2017 only reflected their financial results for approximately five weeks.

The acquisition of Eclipse has added significantly expanded wide format, large format, and grand format printing capabilities to DATA’s portfolio of products and services, with Eclipse having a product mix focused on in-store print, outdoor, transit, display, packaging, kitting and fulfilment capabilities. The net purchase price was approximately $9.5 million which was satisfied with the payment of $3.5 million in cash on closing, $1.4 million through the issuance of common shares of DATA, $4.0 million through the issuance of a secured, non-interest bearing vendor take-back promissory note, and approximately $0.6 million in post-closing adjustments, which are payable in cash and subject to final approval. On the Closing Date, DATA also advanced $3.2 million to settle Eclipse’s bank indebtedness, equipment leases and amounts payable to the former owners pre-acquisition, in addition to paying $0.3 million for related transaction costs. The revenue and net income contributed by Eclipse for the quarter ended March 31, 2017 were $2.7 million and $0.4 million, respectively.

The acquisition of Thistle has provided DATA with a full service commercial print facility in Eastern Canada and has enabled DATA to expand its margins by insourcing commercial printing capabilities which it had historically outsourced to local tier two suppliers. The net purchase price was approximately $5.3 million which was satisfied with a payment of $1.1 million in cash on closing, $1.4 million through the issuance of common shares of DATA, and $2.8 million in the form of a secured, non-interest bearing vendor take-back promissory note, after giving effect to $0.4 million in post-closing adjustments which is subject to final approval. On the Closing Date, DATA also advanced $1.9 million to settle Thistle’s bank indebtedness and amounts payable to the former owners of Thistle. The revenue and net loss contributed by Thistle for the quarter ended March 31, 2017 were $1.4 million and $0.1 million, respectively.

The financial results of Eclipse and Thistle were consistent with expectations. Integration of these businesses is progressing well and DATA is seeing early signs of cost and margin synergies, in addition to actively pursuing cross-selling opportunities across their respective offerings.

Increase in senior credit facilities and amendment to existing terms

On January 31, 2017, DATA amended its senior credit facilities. DATA amended its senior revolving credit facility which included an increase in the total available commitment under that facility from $25.0 million to up to $35.0 million and the extension of the term of this facility by one year to March 31, 2020 from March 11, 2019. DATA also completed an amendment to its term facility which provides DATA with a total borrowing base of up to $72.0 million from $50.0 million. The increased availability under its senior credit facilities was partially used to finance the up-front cash components of the Eclipse and Thistle acquisitions and related transaction expenses, settle certain debt assumed from these acquisitions, and will also provide DATA with additional flexibility to continue to pursue its strategic growth objectives.

Modification of certain covenants on senior term facility

On March 9, 2017, DATA received approval, effective the quarter ending March 31, 2017, to modify the calculation of the Debt Service Coverage ratio to include EBITDA for the six most recently completed fiscal quarters (previously four most recently completed quarters).

Furthermore, on May 11, 2017, DATA received approval, effective the quarter ending June 30, 2017, to modify the calculation of the Senior Funded Debt to EBITDA ratio to include EBITDA for the six most recently completed fiscal quarters multiplied by 2/3 (previously the four most recently completed quarters).

Further improvements in operations

On January 31, 2017, DATA announced a process realignment of its operations, which DATA anticipates will result in estimated cost savings of $2.4 million on an annualized basis. A total of approximately $1.8 million in severance expenses were incurred during the first quarter of 2017. This restructuring primarily involved a reduction of DATA's indirect labour force across its operations, which is designed to streamline DATA’s order-to-production process. This process redesign and automation has improved manufacturing processes from DATA’s on-line web-to-print ordering system, directly to digital production.

Refinement in leadership of sales

DATA made further changes to its leadership team in the second quarter of 2017. Gregory J. Cochrane, President, has assumed full responsibility for sales, in the place of Steve Wittal, former Senior Vice President, Sales, and will provide further direction to drive growth in the business. Mr. Cochrane is focused on helping DATA grow through a three-pronged strategy: 1) expanding the products and services it provides to existing customers; 2) adding new profitable customers; and 3) continued business acquisitions to broaden DATA’s product offering.

Update on maturity of convertible debentures

The 6.00% convertible unsecured subordinated debentures ("6.00% Convertible Debentures") are nearing maturity at the end of the second quarter of 2017. DATA intends to repay the 6.00% Convertible Debentures in full at maturity and is evaluating a number of alternatives that will allow it to not only repay the debentures, but also strengthen its balance sheet for the future.

DATA is considering various forms of capital, including one or more of the following: drawing upon its senior revolving credit facility, which was recently increased to a maximum amount of up to $35.0 million of total availability in conjunction with the acquisitions of Eclipse and Thistle; refinancing the convertible debentures through another issue of debentures; other forms of subordinated capital; and an equity offering. DATA's objective is to deal with the pending maturity, as well as position it for growth and additional acquisitions.

RESULTS OF OPERATIONS

All financial information in this press release is presented in Canadian dollars and in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”).

Table 1 The following table sets out selected historical consolidated financial information for the periods noted.

For the periods ended March 31, 2017 and 2016 *(in thousands of Canadian dollars, except per share amounts, unaudited)*	**Jan. 1 to Mar. 31, 2017** **$**	**Jan. 1 to Mar. 31, 2016** **$**
Revenues	70,126	74,614
Cost of revenues	53,766	56,241
Gross profit	16,360	18,373
Selling, general and administrative expenses	15,024	14,338
Restructuring expenses	1,886	324
Acquisition costs	956	—
(Loss) income before finance costs and income taxes	(1,506)	3,711
Finance costs (income)		
Interest expense	950	868
Interest income	—	(3)
Amortization of transaction costs	115	247
	1,065	1,112
(Loss) income before income taxes	(2,571)	2,599
Income tax (recovery) expense		
Current	51	176
Deferred	(525)	541
	(474)	717
Net (loss) income for the period	(2,097)	1,882
Basic (loss) earnings per share	(0.17)	0.24
Diluted (loss) earnings per share	(0.17)	0.24
Weighted average number of common shares outstanding, basic	12,514,952	9,987,528
Weighted average number of common shares outstanding, diluted	12,514,952	9,987,528

As at March 31, 2017 and December 31, 2016 *(in thousands of Canadian dollars, unaudited)*	**As at Mar. 31, 2017** **$**	**As at Dec. 31, 2016** **$**
Current assets	80,618	68,620
Current liabilities	70,553	58,473
Total assets	124,885	90,910
Total non-current liabilities	64,478	42,372
Shareholders’ equity (deficit)	(10,146)	(9,935)

Table 2 The following table provides reconciliations of net (loss) income to EBITDA and of net (loss) income to Adjusted EBITDA for the periods noted. See "Non-IFRS Measures".

EBITDA and Adjusted EBITDA Reconciliation

For the periods ended March 31, 2017 and 2016	**Jan. 1 to Mar. 31, 2017**	**Jan. 1 to Mar. 31, 2016**
(in thousands of Canadian dollars, unaudited)	**$**	**$**
Net (loss) income for the period	(2,097)	1,882
Interest expense	950	868
Interest income	—	(3)
Amortization of transaction costs	115	247
Current income tax expense	51	176
Deferred income tax (recovery) expense	(525)	541
Depreciation of property, plant and equipment	885	1,115
Amortization of intangible assets	693	505
EBITDA	72	5,331
Restructuring expenses	1,886	324
Acquisition costs	956	—
Adjusted EBITDA	2,914	5,655

Table 3 The following table provides reconciliations of net income (loss) to Adjusted net income and a presentation of Adjusted net income per share for the periods noted. See "Non-IFRS Measures".

Adjusted Net Income Reconciliation

For the periods ended March 31, 2017 and 2016	**Jan. 1 to Mar. 31, 2017**	**Jan. 1 to Mar. 31, 2016**
(in thousands of Canadian dollars, except share and per share amounts, unaudited)	**$**	**$**
Net (loss) income for the period	(2,097)	1,882
Restructuring expenses	1,886	324
Acquisition costs	956	—
Tax effect of the above adjustments	(492)	(85)
Adjusted net income	253	2,121
Adjusted net income per share, basic and diluted	0.02	0.21
Weighted average number of common shares outstanding, basic	12,514,952	9,987,528
Weighted average number of common shares outstanding, diluted	12,514,952	9,987,528
Number of common shares outstanding, basic	13,253,761	9,987,528
Number of common shares outstanding, diluted	13,614,158	9,987,528

Revenues

For the three months ended March 31, 2017, DATA recorded revenues of $70.1 million, a decrease of $4.5 million or 6.0% compared with the same period in 2016. The decrease in revenues for the three months ended March 31, 2017 was primarily due to lower volumes and pricing pressures from certain customers that reduced their overall spend, particularly in the financial services vertical, and was also due to non-recurring work related to the forms and labels business, from which DATA benefited last year, and due to the timing of orders from certain customers. Those factors led to revenue declines during the quarter which more than offset the growth in revenues from new customers and additional revenues from the acquisitions of Eclipse and Thistle during the quarter, resulting in the overall reduction in revenues compared to the first quarter of 2016.

Cost of Revenues and Gross Profit

For the three months ended March 31, 2017, cost of revenues decreased to $53.8 million from $56.2 million for the same period in 2016. Gross profit for the three months ended March 31, 2017 was $16.4 million, which represented a decrease of $2.0 million or 11.0% from $18.4 million for the same period in 2016. Gross profit as a percentage of revenues decreased to 23.3% for the three months ended March 31, 2017 compared to 24.6% for the same period in 2016.

The decrease in gross profit as a percentage of revenues for the three months ended March 31, 2017 was due to the decrease in revenues in the first quarter of 2017, changes in product mix, and compressed margins on recently negotiated large contracts with certain existing customers. The decrease in gross profit as a percentage of revenues was partially offset by cost reductions realized from prior cost savings initiatives implemented in 2016 and additional process improvement savings in January 2017.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2017 increased $0.7 million or 4.8% to $15.0 million compared to $14.3 million for the same period of 2016. As a percentage of revenues, these costs were 21.4% and 19.2% of revenues for the three month periods ended March 31, 2017 and 2016, respectively. The increase in SG&A expenses for the three months ended March 31, 2017 was primarily attributable to increased investment in technology including expenses related to DATA's ERP project.

Restructuring Expenses

For the three months ended March 31, 2017, DATA incurred total restructuring expenses of $1.9 million compared to $0.3 million in the same period in 2016. $2.2 million of restructuring costs were incurred related to headcount reductions in DATA's indirect labour force across its operations, which are designed to streamline DATA's order-to-production process. These restructuring costs were offset by a recovery of $0.3 million related to a sub-lease of a closed facility in Richmond Hill, Ontario. For the three months ended March 31, 2016, DATA incurred restructuring expenses related to headcount reductions of $0.3 million. For the three months ended March 31, 2016, DATA incurred restructuring expenses related to headcount reductions of $0.3 million.

Adjusted EBITDA

For the three months ended March 31, 2017, Adjusted EBITDA was $2.9 million, or 4.2% of revenues, after adjusting EBITDA for the $1.9 million in restructuring charges and adding back $1.0 million related to business acquisition costs. Adjusted EBITDA for the three months ended March 31, 2017 decreased $2.7 million or 48.5% from the same period in the prior year and Adjusted EBITDA margin for the period, as a percentage of revenues, decreased from 7.6% of revenues in 2016 to 4.2% of revenues in 2017. The decrease in Adjusted EBITDA for 2017 was attributable to lower levels of revenue and gross profit and higher SG&A expenses compared to the prior comparable period.

Interest Expense

Interest expense, including interest on debt outstanding under DATA's credit facilities, on its outstanding 6.00% Convertible Debentures, on certain unfavourable lease obligations related to closed facilities and on DATA's employee benefit plans, was $1.0 million for the three months ended March 31, 2017 compared to $0.9 million for the same period in 2016. Interest expense for the three months ended March 31, 2017 was higher than the same periods in the prior year primarily due to the increase in the debt outstanding under DATA's credit facilities in order to fund a portion of the upfront cash components, settle certain debt assumed and pay for related transaction costs associated with the Eclipse and Thistle acquisitions in February 2017.

Income Taxes

DATA reported a loss before income taxes of $2.6 million, a current income tax expense of $0.1 million and a deferred income tax recovery of $0.5 million for the three months ended March 31, 2017 compared to income before income taxes of $2.6 million, a current income tax expense of $0.2 million and a deferred income tax expense of $0.5 million for the three months ended March 31, 2016. The current income tax expense was due to the taxes payable on DATA's estimated taxable income for the three month periods ended March 31, 2017 and 2016, respectively. The deferred income tax recoveries primarily related to changes in estimates of future reversals of temporary differences and new temporary differences that arose during the three month periods ended March 31, 2017 and 2016, respectively.

Net (Loss) Income

Net loss for the three months ended March 31, 2017 was $2.1 million compared to a net income $1.9 million for the same period in 2016. The decrease in comparable profitability for the three months ended March 31, 2017 was primarily due to lower revenue, higher SG&A expenses, a larger restructuring charge and business acquisition costs during the three months ended March 31, 2017.

Adjusted Net (Loss) Income

Adjusted net income for the three months ended March 31, 2017 was $0.3 million compared to Adjusted net income of $2.1 million for the same period in 2016. The decrease in comparable profitability for the three months ended March 31, 2017 was attributable to lower revenues and higher SG&A expenses in 2017.

CASH FLOW FROM OPERATIONS

During the three months ended March 31, 2017, cash flows used by operating activities were $1.6 million compared to cash flows generated by operating activities of $2.3 million during the same period in 2016. $1.5 million of current year cash flows resulted from operations, after adjusting for non-cash items, compared with $5.6 million in 2016. The $4.2 million decrease over the prior year related primarily to lower revenue earned in the current year. Changes in working capital in 2017 used $0.9 million compared with $0.4 million in the prior year primarily due to an increase in inventory on hand and a decrease in accounts payables due to the timing of payments to suppliers for purchases and was partially offset by an increase in deferred revenue. In addition, $1.7 million of cash was used to make payments primarily related to severances and lease termination costs, compared with $2.4 million of restructuring related payments in 2016. Contributions made to the Company's pension plans were $0.5 million, which was unchanged from the prior year.

INVESTING ACTIVITIES

During the three months ended March 31, 2017, $5.0 million in cash flows were used for investing activities compared with $0.6 million during the same period in 2016. In 2017, $4.6 million of cash was used to acquire the businesses of Eclipse and Thistle.

FINANCING ACTIVITIES

During the three months ended March 31, 2017, cash flow generated by financing activities was $6.9 million compared to cash flow used by financing activities of $1.7 million during the same period in 2016. DATA used cash from advances under its credit facilities totaling $13.6 million to repay $3.6 million in outstanding principal amounts under its credit facilities and to settle certain debt assumed upon the acquisition of Eclipse and Thistle on February 22, 2017. In addition, DATA repaid a total of $2.4 million to settle the outstanding balance on certain equipment leases that were assumed upon the acquisition of Eclipse. DATA also repaid a total of $0.3 million related to pre-acquisition amounts payable to the former owners of Eclipse. DATA also incurred $0.3 million of transaction costs related to the amendments to its senior credit facilities made on January 31, 2017.

OUTLOOK

Despite the softness in financial results for the first quarter of 2017, DATA continues to take steps to execute on its strategic growth initiatives, both organically and through strategic acquisitions. During the first quarter of 2017, DATA continued to refine operational efficiencies by streamlining the order-to-production process through headcount reductions and improved design in processes, developing more enhanced reporting tools to better rationalize product and customer profitability, and remodelling DATA's sales process and go-to-market strategy, which includes developing knowledge expertise by vertical market.

In addition, DATA successfully completed two acquisitions during the quarter and has been actively working to integrate these businesses with DATA's, collaborate on cross-selling opportunities and execute on cost savings synergies identified. In connection with these acquisitions, DATA also amended its senior credit facilities to increase availability and provide greater flexibility under certain financial covenants.

Looking forward, DATA made further changes to its leadership team in the second quarter of 2017. Gregory J. Cochrane, President, has assumed responsibility for sales and will provide further direction to drive growth in the business. As part of this initiative, DATA is actively pursuing other potential acquisitions it sees in its markets which leverage its key competencies of managing complexity and providing superior execution for its clients' business and marketing communications needs. DATA is currently exploring various financing options that will facilitate new acquisitions and fund future working capital needs. In-house, DATA continues to evaluate various parts of the business to seek out other opportunities for improvement, strengthen profitability and generate higher cash flows.

About DATA Communications Management Corp.

DATA is a leading provider of business communication solutions, bringing value and collaboration to marketing and operation teams in companies across North America. We help marketers and agencies unify and execute communications campaigns across multiple channels, and we help operations teams streamline and automate document and communications management processes. Our core capabilities include direct marketing, commercial print services, labels and asset tracking, event tickets and gift cards, logistics and fulfilment, content and workflow management, data management and analytics, and regulatory communications. We serve clients in key vertical markets such as financial services, retail, healthcare, lottery and gaming, not-for-profit, and energy. We are strategically located across Canada to support clients on a national basis, and serve the U.S. market through our facilities in Chicago, Illinois.

Additional information relating to DATA Communications Management Corp. is available on www.datacm.com, and in the disclosure documents filed by DATA Communications Management Corp. on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

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FORWARD-LOOKING STATEMENTS

Certain statements in this press release constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, objectives or achievements of DATA, or industry results, to be materially different from any future results, performance, objectives or achievements expressed or implied by such forward-looking statements. When used in this press release, words such as "may", "would", "could", "will", "expect", "anticipate", "estimate", "believe", "intend", "plan", and other similar expressions are intended to identify forward-looking statements. These statements reflect DATA's current views regarding future events and operating performance, are based on information currently available to DATA, and speak only as of the date of this press release. These forward-looking statements involve a number of risks, uncertainties and assumptions and should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such performance or results will be achieved. Many factors could cause the actual results, performance, objectives or achievements of DATA to be materially different from any future results, performance, objectives or achievements that may be expressed or implied by such forward-looking statements. The principal factors, assumptions and risks that DATA made or took into account in the preparation of these forward-looking statements include: the limited growth in the traditional printing industry and the potential for further declines in sales of DATA's printed business documents relative to historical sales levels for those products; the risk that changes in the mix of products and services sold by DATA which are related to reduced demand for its printed products will adversely affect DATA's financial results; the risk that DATA may not be successful in reducing the size of its legacy print business, realizing the benefits expected from restructuring and business reorganization initiatives, reducing costs, reducing and repaying its long-term debt, repaying or refinancing its outstanding 6.00% convertible unsecured subordinated debentures due June 30, 2017, and growing its digital communications business; the risk that DATA may not be successful in managing its organic growth; DATA's ability to invest in, develop and successfully market new digital and other products and services; competition from competitors supplying similar products and services, some of whom have greater economic resources than DATA and are well-established suppliers; DATA's ability to grow its sales or even maintain historical levels of its sales of printed business documents; the impact of economic conditions on DATA's businesses; risks associated with acquisitions by DATA; the failure to realize the expected benefits from acquisitions and risks associated with the integration of acquired businesses; increases in the costs of paper and other raw materials used by DATA; and DATA's ability to maintain relationships with its customers. Additional factors are discussed elsewhere in this press release and under the headings "Risk Factors" and "Risks and Uncertainties" in DATA's management's discussion and analysis and in DATA's other publicly available disclosure documents, as filed by DATA on SEDAR (www.sedar.com). Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described in this press release as intended, planned, anticipated, believed, estimated or expected. Unless required by applicable securities law, DATA does not intend and does not assume any obligation to update these forward-looking statements.

NON-IFRS MEASURES

This press release includes certain non-IFRS measures as supplementary information. Except as otherwise noted, when used in this press release, EBITDA means earnings before interest and finance costs, taxes, depreciation and amortization and Adjusted net income (loss) means net income (loss) adjusted for the impact of certain non-cash items and certain items of note on an after-tax basis. Adjusted EBITDA means EBITDA adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, gain on redemption of convertible debentures, and acquisition costs. Adjusted net income (loss) means net income (loss) adjusted for restructuring expenses, one-time business reorganization costs, goodwill impairment charges, gain on redemption of convertible debentures, acquisition costs and the tax effects of those items. Adjusted net income (loss) per share (basic and diluted) is calculated by dividing Adjusted net income for the period by the weighted average number of common shares (basic and diluted) outstanding during the period. In addition to net income (loss), DATA uses non-IFRS measures including Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA to provide investors with supplemental measures of DATA's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. DATA also believes that securities analysts, investors, rating agencies and other interested parties frequently use non-IFRS measures in the evaluation of issuers. DATA's management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess its ability to meet future debt service, capital expenditure and working capital requirements. Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are not earnings measures recognized by IFRS and do not have any standardized meanings prescribed by IFRS. Therefore, Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA are unlikely to be comparable to similar measures presented by other issuers.

Investors are cautioned that Adjusted net income (loss), Adjusted net income (loss) per share, EBITDA and Adjusted EBITDA should not be construed as alternatives to net income (loss) determined in accordance with IFRS as an indicator of DATA's performance. For a reconciliation of net income (loss) to EBITDA and a reconciliation of net income (loss) to Adjusted EBITDA, see Table 2 above. For a reconciliation of net income (loss) to Adjusted net income (loss) and a presentation of Adjusted net income (loss) per share, see Table 3 above.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars, unaudited)	**March 31, 2017** **$**	**December 31, 2016** **$**
Assets		
Current assets		
Cash and cash equivalents	1,838	1,544
Trade receivables	35,861	29,157
Inventories	37,498	33,252
Prepaid expenses and other current assets	5,421	4,667
	80,618	68,620
Non-current assets		
Deferred income tax assets	4,725	3,839
Restricted cash	425	425
Property, plant and equipment	18,722	12,483
Pension assets	—	1,589
Intangible assets	13,065	3,954
Goodwill	7,330	—
	124,885	90,910
Liabilities		
Current liabilities		
Trade payables and accrued liabilities	31,273	27,304
Current portion of credit facilities	6,630	5,886
Convertible debentures	11,129	11,082
Current portion of promissory notes	3,989	—
Provisions	3,690	3,305
Income taxes payable	2,929	2,231
Deferred revenue	10,913	8,665
	70,553	58,473
Non-current liabilities		
Provisions	699	675
Credit facilities	45,976	29,156
Promissory notes	3,251	—
Deferred income tax liabilities	1,476	—
Other non-current liabilities	2,739	1,691
Pension obligations	7,772	8,340
Other post-employment benefit plans	2,565	2,510
	135,031	100,845
Equity		
Shareholders' equity (deficit)		
Shares	240,279	237,432
Conversion options	128	128
Contributed surplus	1,216	1,164
Accumulated other comprehensive income	240	258
Deficit	(252,009)	(248,917)
	(10,146)	(9,935)
	124,885	90,910

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands of Canadian dollars, except per share amounts, unaudited)	**For the three months ended March 31, 2017** **$**	**For the three months ended March 31, 2016** **$**
Revenues	70,126	74,614
Cost of revenues	53,766	56,241
Gross profit	16,360	18,373
Expenses		
Selling, commissions and expenses	8,518	8,515
General and administration expenses	6,506	5,823
Restructuring expenses	1,886	324
Acquisition costs (note 4)	956	—
	17,866	14,662
(Loss) income before finance costs and income taxes	(1,506)	3,711
Finance costs (income)		
Interest expense	950	868
Interest income	—	(3)
Amortization of transaction costs	115	247
	1,065	1,112
(Loss) income before income taxes	(2,571)	2,599
Income tax (recovery) expense		
Current	51	176
Deferred	(525)	541
	(474)	717
Net (loss) income for the period	(2,097)	1,882
Basic (loss) earnings per share	(0.17)	0.19
Diluted (loss) earnings per share	(0.17)	0.19

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

(in thousands of Canadian dollars, unaudited)	**For the three months ended March 31, 2017**	**For the three months ended March 31, 2016**
	$	**$**
Net (loss) income for the period	(2,097)	1,882
Other comprehensive (loss) income:		
Items that may be reclassified subsequently to net (loss) income		
Foreign currency translation	(18)	(109)
	(18)	(109)
Items that will not be reclassified to net (loss) income		
Re-measurements of post-employment benefit obligations	(1,345)	(1,049)
Taxes related to post-employment adjustment above	350	274
	(995)	(775)
Other comprehensive loss for the period, net of tax	(1,013)	(884)
Comprehensive (loss) income for the period	(3,110)	998

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(in thousands of Canadian dollars, unaudited)	**Shares**	**Conversion options**	**Contributed surplus**	**Accumulated other comprehensive income**	**Deficit**	**Total equity (deficit)**
	$	**$**		**$**	**$**	**$**
Balance as at December 31, 2015	234,782	128	385	306	(216,582)	19,019
Net income for the period	—	—	—	—	1,882	1,882
Other comprehensive (loss) income for the period	—	—	—	(109)	(775)	(884)
Total comprehensive (loss) income for the period	—	—	—	(109)	1,107	998
Balance as at March 31, 2016	234,782	128	—	197	(215,475)	19,632
Balance as at December 31, 2016	237,432	128	1,164	258	(248,917)	(9,935)
Net loss for the period	—	—	—	—	(2,097)	(2,097)
Other comprehensive loss for the period	—	—	—	(18)	(995)	(1,013)
Total comprehensive loss for the period	—	—	—	(18)	(3,092)	(3,110)
Issuance of common shares	2,847	—	—	—	—	2,847
Share-based compensation expense	—	—	52	—	—	52
Balance as at March 31, 2017	240,279	128	1,216	240	(252,009)	(10,146)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars, unaudited)	**For the three months ended March 31, 2017** **$**	**For the three months ended March 31, 2016** **$**
Cash provided by (used in)		
Operating activities		
Net (loss) income for the period	(2,097)	1,882
Adjustments to net (loss) income		
Depreciation of property, plant and equipment	885	1,115
Amortization of intangible assets	693	505
Share-based compensation expense	52	—
Pension expense	135	148
(Gain) loss on disposal of property, plant and equipment	(20)	182
Provisions	1,886	324
Amortization of transaction costs	115	247
Accretion of convertible debentures and non-current liabilities	98	22
Other non-current liabilities	130	404
Other post-employment benefit plans, net	55	64
Tax credits recognized	—	—
Income tax (recovery) expense	(474)	717
	1,458	5,610
Changes in working capital	(885)	(442)
Contributions made to pension plans	(459)	(459)
Provisions paid	(1,687)	(2,439)
Income taxes paid	—	(5)
	(1,573)	2,265
Investing activities		
Purchase of property, plant and equipment	(137)	(652)
Purchase of intangible assets	(233)	(24)
Proceeds on disposal of property, plant and equipment	20	118
Cash consideration for acquisition of businesses	(4,638)	—
	(4,988)	(558)
Financing activities		
Share issuance costs	(11)	—
Proceeds from credit facilities	13,589	43,931
Repayment of credit facilities	(3,598)	(43,824)
Proceeds from loans payable	—	(24)
Repayment of loans and other liabilities	(289)	(450)
Repayment of promissory notes	(129)	—
Finance and transaction costs	(317)	(1,326)
Finance lease payments	(2,382)	(11)
	6,863	(1,704)
Increase in cash and cash equivalents during the period	302	3
Cash and cash equivalents – beginning of period	1,544	871
Effects of foreign exchange on cash balances	(8)	(59)
Cash and cash equivalents – end of period	1,838	815