Management Discussion and Analysis

Three Months Ended March 31, 2012

TEXADA SOFTWARE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Basis of Presentation

The following discussion of the financial condition and results of operations should be read in conjunction with the Interim Condensed Consolidated Financial Statements for the three month period ended March 31, 2012 and the Consolidated Financial Statements and the MD&A for the year ended December 31, 2011 which were prepared under International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as of May 30, 2012 to help investors understand the financial performance of the Company and provides information that we believe is relevant to an assessment and understanding of Texada Software Inc.'s ("Texada" or the "Company" or the "Group") business, risks, opportunities and performance measures. We have prepared this document in conjunction with our broader responsibilities for the accuracy and reliability of the financial statements and the development and maintenance of appropriate internal controls in our efforts to ensure that the financial information is complete and reliable. It should be noted that in the course of evaluating internal controls over financial reporting, we have identified weaknesses in areas of complex transactions and segregation of duties. These weaknesses are commonly considered areas of deficiency for smaller listed entities in Canada. The Audit Committee of the Board of Directors, consisting of three directors, has reviewed this document and all other publicly reported financial information for integrity, usefulness and consistency.

Additional information about Texada, including copies of continuous disclosure materials, is available on Texada's website at www.texadasoftware.com, or the SEDAR website at www.sedar.com. Texada can be reached at 1-800-361-1233 or 1-519-836-7073. The information on the Company's website is not to be considered a part of this MD&A.

Forward Looking Statements

This document may contain forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, fluctuations in operating results and other risks, any of which could cause actual results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Many risks are inherent in the industry; others are more specific to the Company. You should consult Texada's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. You should not place undue reliance on any forward-looking statements. Management assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise other than as required by law.

Non-IFRS Measures

The term ''Adjusted EBITDA'' refers to net earnings (loss) before gain on fair value increment on acquisition, acquisition expenses, depreciation, amortization, interest expense, interest expense on convertible debentures, accretion on convertible debentures, foreign exchange and stock-based compensation. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration the other items listed above.

Adjusted EBITDA is not a recognized measure under IFRS and, accordingly, readers are cautioned that Adjusted EBITDA should not be construed as an alternative to net earnings (loss) determined in accordance with IFRS as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. The

Company’s method of calculating Adjusted EBITDA may differ from other issuers and, accordingly, Adjusted EBITDA may not be comparable to similar measures presented by other issuers. See ‘‘Reconciliation of Adjusted EBITDA to Net Earnings (Loss)’’ for a reconciliation of Adjusted EBITDA to net earnings (loss).

Background of Texada Software Inc.

Overview:

Texada Software Inc. is the parent company of the Group, operating within the construction and industrial equipment rental industry as well as in enterprise asset management software and technology with products that primarily serve the rental equipment industry. Through the Company’s wholly owned U.S. subsidiary Noble Rents, Inc. (“Noble Rents”), the business has operated in the construction and industrial equipment rental industry through four locations, 50 employees and over 1,100 rental assets in Southern California since August 2011. Through Systematic Computer Services Corp. (“SCS”), an indirect operating subsidiary, the Company was founded in the early the 1980’s and has been developing and marketing rental and asset management software worldwide for over 25 years. As of May 15, 2012, with the announcement of the LiuGong exclusive distribution agreement for the greater Houston, TX geographical area, the Company will operate in a third segment of operations, construction and industrial equipment distribution.

Historical Timeline:

SCS was acquired in 2001 by RentOnTheDot Inc, which in turn was acquired by the Company. Texada Software Inc. was incorporated on March 21, 2000 as Aqua Capital Corp. and on May 13, 2002 acquired RentOnTheDot Inc. (“ROTD”), which constituted the Company’s “Qualifying transaction” under Policy 2.4 of the TSX Venture Exchange. As the acquisition of ROTD resulted in the shareholders of ROTD owning greater than 50% of the Company’s common shares, it was accounted for as an acquisition of the Company by ROTD using the purchase method with ROTD being identified as the acquirer.

Effective May 15, 2002, the Company changed its name to “Texada Software Inc.” carrying on the business of ROTD and its principal subsidiary, SCS, of developing and providing enterprise software solutions, primarily to the equipment rental industry.

On October 22, 2010, the Company announced that with the appointment of William Swisher as Chief Executive Officer that the Board of Directors was encouraging management to investigate business expansion opportunities, including the potential acquisition of related businesses. It was also announced on that date that Mr. Swisher’s focus would be to build on the Company’s existing business with long-term strategies to enhance shareholder value. The Company noted at that time that these initiatives would increase the operating expenses of the business in the near term as the necessary work was undertaken to investigate these opportunities.

On August 2, 2011, the Company announced that its wholly-owned U.S. subsidiary had entered into a non-binding agreement to acquire the operating assets of a U.S. based equipment rental business, Rolls Scaffold & Equipment Inc., dba Rolls High Reach (“Rolls”). Rolls was a Southern California-based, four location, 50 employee equipment rental business focussed on aerial reach equipment which was established in 1958 (the “Rolls Acquisition”).

On August 30, 2011, the Company announced that it had concluded the Rolls Acquisition and that the acquisition had been completed through two separate transactions, namely: (a) the acquisition of certain rental fleet and other operating business assets (excluding scaffolding assets and certain other assets which was retained Rolls) from Rolls for cash and assumed liabilities totalling approximately $1.1 Ml. U.S.; and (b) the acquisition of rental fleet from an existing lender to Rolls. The lender provided term financing of approximately $9.6 Ml. U.S. (the “Lender Financing”) in conjunction with this acquisition, repayable over a 48 month period and carrying an interest rate of 7.0% per annum. The Lender Financing was secured by a first security interest over all of the assets of the Company’s subsidiary. The Company provided a guarantee for the Lender Financing. The lender also agreed to provide additional rental fleet financing of up to $3.4 Ml. U.S. post-closing, to assist Rolls in the expansion of its rental fleet.

Also on August 30, 2011 and on September 15, 2011, the Company announced that it had completed a non-brokered private placement (the “Private Placement”) of 40,000,000 common shares of the Company (the “Common

Shares") at a price of $0.10 per share for gross proceeds of $4.0 Ml. The Company noted at that time that it intended to use the net proceeds of the Private Placement to satisfy certain liquidity conditions of the Lender Financing in connection with the Rolls Acquisition, to acquire additional rental fleet for its rental business, and for general working capital purposes. Insiders of the Company subscribed for greater than 25% of the Private Placement, on the same terms as arm's length investors.

On November 9, 2011, the Company completed a multi-year extension of its licensing agreement with PROIV Technology, LLC ("PROIV"). PROIV provides software development tools to Texada and has been a strategic partner of the Company since 1992. This long-term agreement demonstrated the Company's strategic intent to remain as a premier provider of enterprise asset management software to the rental and construction industries.

On November 10, 2011, Texada announced that Nabil Kassam, a current director of the Company, had been appointed to the role of Executive Chairman, replacing William Swisher who had held the Chairman role and continues as the Company's Chief Executive Officer and as director. Also on that date, the Company announced that two new directors had been appointed to its Board of Directors. The two new appointees are Samir Manji, the founder, President & CEO of Amica Mature Lifestyles Inc., an industry leading TSX-listed company that manages and owns luxury independent living retirement communities and William Palmer, a seasoned entrepreneur and executive with over 35 years of starting, operating, growing and financing a variety of businesses with operating experience in the United States, Canada and Europe including as the founder and CEO of one of Europe's largest self-storage companies with 65 locations in England, France and Germany.

On December 2, 2011, the Company's convertible debentures in the original face amount of $1.1 Ml. matured. On that date, the debentures, which with accrued interest totalled $1.74 Ml., were retired. Of the total due outstanding, $0.61 Ml. was paid in cash to five debentures holders and the balance of $1.13 Ml. was converted into 9,994,979 common shares of the Company by the remaining five holders at an average price of $0.1135 per share.

On May 11, 2012, Texada announced that the Company had received Credit Committee approval on a $25.0 Ml. U.S. revolving secured line of credit facility from a lender for the refinancing of all debt outstanding of Noble Rents. The facility is expected to close May 31, 2012 in the amount of $13.2 Ml. U.S. leaving $11.8 Ml. U.S. undrawn and available, subject to adequate borrowing base coverage.

On May 15, 2012, Texada announced that the Company entered into an exclusive distribution agreement with LiuGong Construction Machinery ("LiuGong") for 10 counties that make up and surround the market of Houston, TX and that the Company will purchase 20 LiuGong equipment units over the initial 12 month period. This exclusive distribution agreement marked the entrance of the Company into construction and industrial equipment distribution, establishing a third segment of business.

On May 16, 2012, the Company announced a non-brokered private placement (the "Private Placement") of up to 22,500,000 common shares of the Company at a price of $0.20 CDN per share for anticipated gross proceeds of up to $4.5 Ml. The Company intends to use the net proceeds of the Private Placement for working capital, equipment, and other asset purchases.

Description of Texada's Businesses:

At the quarter ended March 31, 2012, the Company operated within two complementary business platforms, as follows:

a) <u>Construction and Industrial Equipment Rental</u>

Through its wholly-owned U.S. subsidiary, Noble Rents, Inc., the Company operates in the construction and industrial equipment rental industry in Southern California. The rental business segment was established in August 2011 via the Rolls Acquisition, an equipment rental business that was established in 1958. To date, its largest logistics and support location is situated at a leased facility in Ventura County, California. Additionally, this business segment has three other Southern California leased locations located in Long Beach, Riverside and San Diego. With these four locations, the rental business segment effectively serves three of the largest Metropolitan Statistical Areas ("MSAs") in the United States; being Los Angeles, San Diego and Riverside-San Bernardino.

In conjunction with the entrance into the equipment rental industry, the Company launched an active project implementation plan of what management calls “NiCC,” or, “Noble Interactive Customer Center”, which is a proprietary customer interface program that integrates technology, software, customer/call center interaction and a variety of other business processes that is unique to the Company. This technology development and implementation project is expected to be ongoing over the balance of 2012.

The Company’s rental business has approximately 50 employees and a modern rental fleet of over 1,100 pieces of aerial, forklift and light compact equipment supplied by Genie and other name brand manufacturers. Management has identified numerous strategic and operational enhancements in regards to this fleet which it expects to continue to implement at the business over the balance of 2012, including the installation of the Company’s SRM enterprise asset management software in the second quarter. This software implementation is expected to be a key factor in more efficiently and profitably running the rental business day to day, and is ultimately a key component of integrating multiple software based technologies together within NiCC.

As at December 31, 2011, the Company had a credit facility with the acquisition lender to acquire a further $2.0 Ml. U.S. of rental fleet. The lender had agreed to finance $1.7 Ml. under this facility and the Company had deposited funds of $0.20 Ml. As of March 31, 2012, the Company has received equipment against this facility of $0.16 Ml. while drawing down the credit facility by $0.14 Ml. and the deposit balance by $0.02 Ml. Further to this facility, the Company attained an additional credit facility with the same lender to acquire a further $2.0 Ml. U.S. of expansionary rental fleet consisting of equipment that will expand the Company’s product lines. As of March 31, 2012, this newest facility remained undrawn, pending delivery of ordered equipment.

Rental revenue primarily consists of short term rental of aerial, forklift and light compact fleet to third parties along with delivery and other ancillary revenue. At present, there is a negligible amount of parts and new equipment sold to the customer base. Other ordinary and typical revenue includes the proceeds on the disposition of existing rental assets in the ordinary course as part of the ongoing capital expenditure plan for the business. These sales are utilized to maintain targeted average fleets ages and to provide capital for down payments on new fleet.

Cost of revenue consists primarily of depreciation on rental fleet and other capital assets, including vehicles, and the cost of fleet disposals conducted in the ordinary course of business. The cost of re-rentals is also included in this area but at present is negligible.

Support, maintenance and delivery expenses include the cost of personnel directly associated with the delivery and maintenance of rental fleet, the cost of repair and maintenance of rental fleet and rolling stock, real estate, fuel and supplies. Sales and marketing expenses consist of personnel and related costs associated with selling and marketing functions, including advertising, commissions and other promotional materials and activities. General and administration expenses include personnel and related costs associated with the administration of the business and other expenses including insurance, professional fees and other related expenses.

b) Enterprise Asset Management Software

The Company is the premier provider of enterprise software solutions for rental management and mobile equipment under its brand name “Systematic Rental Management” (“SRM”). Texada's solutions are fully flexible and scalable to meet the unique needs of any sized operation and are backed by proven implementation, services and support.

Texada's market-driven software products combine knowledge and best practices from over 5,000 users worldwide, resulting in solutions that manage the complete asset life-cycle from acquisition through to disposal. Texada’s customers enjoy the benefits of enhanced efficiency through better asset utilization, effective location tracking, and optimized scheduling.

The Company’s revenue from enterprise software consists of software license revenue, which includes server license fees, user license fees, SaaS subscription fees, upgrade fees and maintenance fees and service revenue. Software license revenue is comprised of license fees charged for the use of the Company’s software products generally licensed under single-year, multiple-year or perpetual arrangements in which the fair value of the license fee is separately determinable from service fees. Maintenance fee arrangements generally include ongoing customer support and rights to certain product updates “if and when available”. Service revenue consists of professional service fees charged for product training, consulting, implementation, and programming services. Customers typically purchase a combination of software, maintenance and professional services, although the type, mix and quantity of each solution vary by customer and by product.

Cost of revenue consists primarily of the costs directly related to revenues including third party software license costs and third party costs related to the delivery of professional services and maintenance.

Support, maintenance and delivery expenses include personnel and related costs associated with maintenance, training and professional services efforts. Research and development expenses include personnel and related costs associated with the Company's research and development efforts. Sales and marketing expenses consist primarily of personnel and related costs associated with selling and marketing functions, including advertising, commissions, trade shows and other promotional materials and activities. General and administration expenses include personnel and related costs associated with the administration of the business, rental of office space, legal and professional fees, and insurance.

Texada's Markets:

a) <u>Construction and Industrial Equipment Rental and Distribution</u>

The equipment rental market consists of companies renting various types of equipment, on both short and long-term basis, in return for a rental fee. The rental industry is highly fragmented and consists of a small number of multi-location regional or national operators and a large number of relatively small, independent businesses serving discrete local markets. The industry is driven by a broad range of economic factors including residential and non-residential construction trends, and overall economic activity.

Construction equipment is largely distributed to end users through two channels: equipment rental companies and equipment dealers. Examples of larger national rental equipment companies include United Rentals, Hertz Equipment Rental and Sunbelt Rentals.

Management estimates that the total North American industrial and construction related equipment rental and distribution market is currently $100 Bl. U.S. and according to the American Rental Association, the relative sizes of the three primary areas of the equipment rental market, on the basis of total revenue generated, is approximately:

• Heavy and Light Construction - 70%
• General Tool - 25%
• Party/Event - 5%

The Company's rental operations operate exclusively, at this time, in the heavy and light construction equipment rental market, with 100% its existing rental fleet being aerial reach, forklift and light compact equipment. The heavy and light construction equipment rental market consists of equipment with a significant capital cost that is deployed to contractors to meet the demands of their construction projects. Examples of this type of equipment are aerial reach equipment, bulldozers, skid steer loaders, forklifts, compaction equipment and excavators. Customers in this market are generally repeat customers, having long-standing relationships with equipment rental companies and, in some instances, may have contractual supply arrangements for certain types of equipment.

Currently, the Company has on order, but has not received and put into service, earth moving pieces of rental equipment. This equipment will serve many of the Company's existing customers and will also open up an avenue into an even larger pool of customers in the Company's marketplace.

With the market for construction and industrial equipment improving over the past several quarters, and with market studies predicting a prolonged and sustainable recovery, the Company believes that there will be continued growth within the estimated $100 Bl. U.S. North American equipment rental and distribution industry that will outpace the general economic improvements of North America. Because of this, the Company will continue to seek out opportunistic advancement, such as through the LiuGong exclusive dealership arrangement, acquisitions and strategic purchases of fleet throughout the balance of 2012.

b) Enterprise Asset Management Software

The equipment rental industry is Texada's dominant market, accounting for approximately 90% of the Company's enterprise software related revenue. The rental market is generally divided into three segments - (i) heavy and light construction, (ii) general tool and (iii) party/event. While the Company has customers in all three segments, Texada sells primarily to companies operating in the approximately $40 Bl. U.S. construction equipment rental market. There are more than 30,000 companies worldwide who rent equipment. Most companies of any size servicing this market require dedicated software to operate the contract management and asset management functions within their business.

The market for rental management software is fairly well defined, has existed for over 30 years and management estimates its growth at generally less than 10% per year. However, most of the characteristics of a typical mature market are absent from the rental management software market. Instead of a market dominated by a very few number of major brand-name companies, the rental management software market is highly fragmented.

Management estimates that there are over 200 suppliers of rental management software to all three segments of the rental market and that there are no competitors who service the global market. Management believes that rental companies traditionally have viewed rental management software and technology as an overhead expense, rather than a value-add investment, although this thinking is evolving. This traditional market viewpoint combined with the fragmentation experienced in the rental management software market has lead to relatively low profitability throughout the rental management software market sector as no single company appears to have the economies of scale to profitably dominate the market.

While in traditional industries that experience high levels of fragmentation such as in enterprise asset management software there is an expectation of eventual consolidation, the consolidation of Texada's software niche is generally not perceived by management to be imminent. With minimal overall market size, the cost of increasing one's market share specifically within this niche, organically as well as inorganically, is considered to be high. Furthermore, with technology development being cost prohibitive within this niche, it would take a significant partnership within this industry to achieve enough economy of scale to significantly alter and improve the quality of enterprise asset management software.

Management estimates that the size of the North American enterprise software solutions market for rental equipment is $50 Ml. U.S. annually. This estimate places the Company as the second largest provider of these software solutions. With growth in this niche market estimated at 3-4% per year, combined with an elevated cost to acquire market share, management of the Company foresee Texada remaining a strong, established player in this market well into subsequent years.

Overview of the Quarter Ended March 31 2012:

The Company achieved substantial quarter-over-quarter increases in its operating results for the quarter ended March 31, 2012. Revenue and Adjusted EBITDA both increased materially in the three months ended March 2012 compared to 2011.

These increases were for the most part made due to the Rolls Acquisition completed on August 30, 2011. This acquisition and market entrance substantially grew the size of the Company's revenue. Additionally, the software business experienced material growth in the quarter compared to 2011. The results of rental operations are included in the Company's operating results from the date of acquisition only, with data provided for pre-acquisition financial results for comparison purposes only.

The Company's rental business segment, in the first three months of 2012, continued to seek new opportunities for growth. The Company continues to invest into additional growth fleet for rental operations in an effort to increase both the breadth of the equipment offered for rent as well as to fulfill the needs of increased market share achieved through customer relationship and pricing initiatives. Additionally, the Company continues to seek out acquisition opportunities of both operable construction equipment rental businesses as well as purchases of new and used equipment rental fleet.

The substantial focus of management effort on the expansion of the equipment rental based business unit marks a continuous and consistent strategic direction of the Company for growth within the equipment rental industry. Significant efforts, in addition to revenue growth initiatives, are being expended on proprietary technological advances within the construction equipment industry, designed to minimize operational costs while driving revenue growth from existing and new customers.

Management continues to focus on the enterprise software management business line, expending efforts to maximize the value of the PROIV strategic initiative completed in the fourth quarter of 2011 while concentrating efforts on customer conversions from the Company's ERP products to the SaaS based model launched in 2011. This continued commitment by the Company reaffirms Texada's strategic intent to continue as an industry leading provider of enterprise asset management software solutions to existing customers and to continue to expand the Company's installation base in the future.

The following chart outlines in summary form the Company's results for the comparative quarters ended March 31 2012 and March 31, 2011.

Financial Performance: Three Months ended March 31 2012 and March 31 2011 and as at March 31 2012 and December 31 2011

Selected Financial Information	**Three Months Ended March 31,**		
(In thousands of dollars except per share amounts)	**2012**	**2011**	**Change**
Revenue	$ 4,002	$ 1,102	$ 2,900
Adjusted EBITDA	520	(57)	577
Net Loss for the Period	(406)	(166)	(240)
Net Loss per Share (basic and diluted)	$ (0.007)	$ (0.013)	$ 0.006
	As at March 31, 2012	**As at December 31, 2011**	**Change**
Total Assets	$ 23,179	$ 24,220	$ (1,041)
Total Liabilities	17,548	18,086	(538)
Total Shareholder Equity	5,631	6,134	(503)

As outlined above, Texada had a net loss $0.41 Ml. for the quarter ended March 31, 2012 compared to a net loss of $0.17 Ml. for the quarter ended March 31, 2011. This change is primarily due to the change in the business environment of the Company created by the entry into the equipment rental market in August 2011. The acquisition has added significant depreciable assets to the Company, creating a $0.71 Ml. expense for depreciation and amortization in the first quarter of 2012 vs. $0.004 in the first quarter of 2011.

Adjusted EBITDA was $0.52 Ml. in the first quarter of 2012 compared to a loss of $0.06 Ml. in the prior year's quarter. The significant improvement in Adjusted EBITDA between the two quarters is primarily due to the rental business acquisition which generated quarter ended March 31, 2012 Adjusted EBITDA of $0.57 Ml. during the period.

Shareholders' equity fell marginally from December 31, 2011 to Q1 2012. This decrease of $0.5 Ml. is primarily due to the effect that depreciation from the rental business has on shareholder equity. While depreciation is a non cash event, it does apply downward pressure on net earnings and shareholder equity.

Segmented Operating Results:

Following the May 15, 2012 LiuGong exclusive dealership agreement, the Company will operate in three business segments, being 1) Construction and Industrial Equipment Rental, 2) Enterprise Asset Management Software and 3) Construction and Industrial Equipment Distribution. A summary overview of the segments having financial activity in the quarter ended March 31, 2012 is provided below. Corporate General and Administration Expenses ("Corporate G&A") not specific to a singular business segment is provided as a separate summary so as to maintain integrity within the financial information provided for all business segments.

A) Equipment Rental

As the Company entered the equipment rental segment via acquisition, the financial results for this business are only included in the Company's operating results from the effective acquisition date of August 30, 2011. Certain comparative pre-acquisition financial information is provided below in order to assist in providing a comparison to the prior year.

The following chart outlines in summary form the equipment rental segmented financial results for the quarter ended March 31, 2012 along with select comparable results for the quarter ended March 31, 2011, which was prior to Texada ownership of the operations.

Summary of Financial Results (in thousands of dollars)	**Three Months Ended March 31, 2012**	**% of Revenue**	**Three Months Ended March 31, 2011**	**% of Revenue**
Revenue	**$2,560**		**$1,752**	
Cost of Revenue	(905)	35%	(688)	39%
Summary Expenses				
Support, Maintenance and Delivery	(1,054)	41%	(879)	50%
Sales and Marketing	(198)	8%	(251)	14%
General and Administration	(515)	20%	(424)	24%
Interest	(223)	9%	(165)	9%
Net Loss	**(335)**	**13%**	**(657)**	**37%**
Add Back Depreciation	678	26%	703	40%
Add Back Interest Expense	223	9%	165	9%
Adjusted EBITDA	**$566**	**22%**	**$212**	**12%**

Total revenue for the three month period ended March 31, 2012 was $2.6 Ml. compared to $1.8 Ml. for the three months ended March 31, 2011. Revenue in both years was derived substantially from equipment rental related revenue, including delivery, ordinary fleet disposal and other ancillary revenue from the rental process. The size of the rental fleet in the comparative quarters was relatively equal, and therefore the revenue producing potential of the business was, for the most part, consistent with the comparative quarter. The increased revenue was due to the improvement in the marketplace in general, management's ability to keep a greater percentage of fleet available for rent and employing a pricing matrix that maximizes the fleet on rent and dollars per rental.

Cost of revenue in the quarter ended March 31, 2012 was $0.91 Ml., comprised primarily of depreciation of $0.68 Ml. Costs of items sold, primarily the cost of fleet disposal, comprised the balance.

Total operating expenses for the quarter ended March 31, 2012 were $1.77 Ml. The component breakdown of operating expenses in the first quarter of 2012 was i) Support, maintenance & delivery $1.05 Ml.; ii) Sales & marketing $0.20 Ml. and iii) General and administration $0.52 Ml. Depreciation and amortization expense in the quarter totalled $0.68 Ml. of which $0.66 Ml. is included in cost of revenue and the balance in support, maintenance and delivery and in sales & marketing.

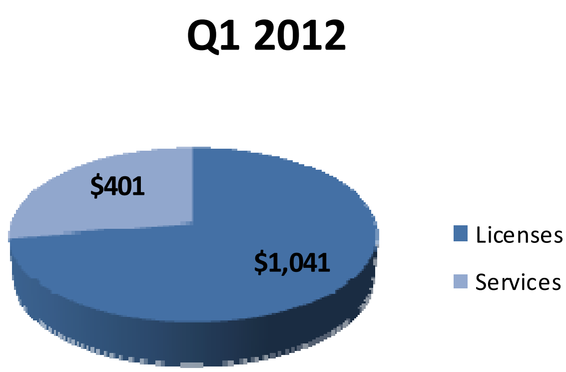
Equipment rental Adjusted EBITDA in the quarter ended March 31, 2012 was $0.57 Ml. compared to $0.21 Ml. for the same period in 2011, when the Company did not own the business. The increase in Adjusted EBITDA compared to 2011 is a combined result of additional top line revenue and reduced marginal cost expenditures created through efficiency objectives of the Company implemented post-acquisition.

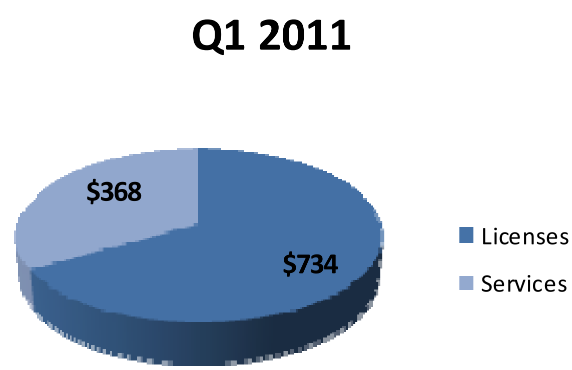
The industrial and construction equipment rental segment of the Company had 50 full-time employees as of March 31, 2012, all located in Southern California.

B) Enterprise Asset Management Software

Revenue

Revenue *(in thousands of dollars)*	**Q1 2012**	**Q1 2011**	**Change**
Licenses	$1,041	$734	$307
Services	401	368	33
Total	$1,442	$1,102	$340





For the quarter ended March 31, 2012, total revenue of $1.44 Ml. improved 31% over the quarter ended March 31, 2011 revenue of $1.10 Ml.

License based revenue increased 42% to $1.04 MI. in 2012 from $0.73 MI. in 2011 primarily due to new licences purchased by one significant customer in the quarter. Revenue from ongoing, recurring license maintenance fees was $0.69 Ml. for the quarter, up $0.07 Ml. from 2011, primarily due to an increase in the number of users and implementations on the SaaS platform. Service based revenue increased 9% to $0.40 Ml. in 2012 from $0.37 Ml. in 2011 due to increased professional services to support customer migrations to the SaaS platform.

Gross profit for Q1 2012 was improved by 38% over Q1 2011 to $1.3 Ml. versus $0.94 in Q1 2011. As a percentage of revenue, gross profit was 90% in 2012, compared to 85% in 2011. Cost of revenue in the quarter was relatively consistent in the current year compared to 2011. Cost of revenue consists primarily of the costs directly related to revenues including third party software license costs and third party costs related to the delivery of professional services and maintenance. During the fourth quarter of 2011 the Company entered into a revised agreement with its development tools provider, as discussed earlier under “Background of Texada”.

Operating Expenses

Operating Expenses *(in thousands of dollars)*	**Q1 - 2012**	**Q1 - 2011**	**Change**
Support	$366	$325	12.6%
Sales and marketing	87	101	(13.9%)
Research and development	260	191	36.1%
General and Administration	216	269	(19.7%)
TOTAL	$929	$886	4.9%

Total operating expenses for the quarter ended March 31, 2012 increased by $0.04 Ml. or 5%. The increase is attributable to support and research and development expenses which increased by 13% and 36% respectively, driven by technology development of the software.

Support expenses include personnel and related costs associated with maintenance, training and professional services efforts. Support expenses increased by $0.04 Ml. in 2012 compared to 2011 due to increased wages, benefits and staffing levels. Support expenses increased and are expected to continue to increase as the Company adds new customers, new projects from existing customers and increases the number of users in its customer base.

Research and development expenses include personnel and related costs associated with improvements to the Company's technology and software. Expenses in this area increased by $0.07 Ml. in 2012 compared to 2011. The majority of this increase relates to an increase in salaries, benefits and outside contractors in Q1 2012 compared to the same period of 2011, as well as efforts employed into the newly launched SaaS based software platform.

Sales and marketing expenses consist primarily of personnel and related costs associated with selling and marketing functions, including advertising, commissions, trade shows and other promotional materials and activities.

General and administration expenses include personnel and related costs associated with the administration of the business segment, rental of office space, legal and professional fees, bad debt and insurance. General and administration expenses for the quarter ended March 31, 2012 decreased $0.04 Ml. as compared to the quarter ended March 31, 2011.

The major components of enterprise software operating expenses are as follow:

Components of Operating Expenses	**Three months ended March 31,**			
	2012		**2011**	
	$ (000's)	**%**	**$ (000's)**	**%**
Expense Category:				
Salaries and Benefits	$671	72.2%	$530	59.8%
Outside Contractors	88	9.5%	90	10.2%
Travel	17	1.8%	13	1.5%
Professional fees	24	2.6%	26	2.9%
Rent and Utilities	25	2.7%	23	2.6%
Other	104	11.2%	204	23.0%
TOTAL	**$929**	**100%**	**$886**	**100%**

Approximately 82% of operating expenses in the quarter related to personnel and contractors (2011 Q1 - 70%). Expenses were incurred to manage growth and to increase support and development of the software product.

The enterprise asset management software business of Texada has 29 full time employees as of March 31, 2012, based out of the Company's offices in Guelph, Ontario, and Brisbane, Australia.

C) Corporate G&A Expense

The Company incurs certain macro-level expenses that are not directly attributable to any single segment of business, which is presented in this MD&A as Corporate G&A, as opposed to micro-level overhead expenses within an individual business segment. These expenses represent costs associated with, but are not limited to, being a public entity, growth and strategic plan execution, technological advances not attributed to any one segment, corporate level management not employed at the segmented business level, Company-wide branding and trademark activity and the ancillary costs to support these functions. A summary of these financial expenses are as follows:

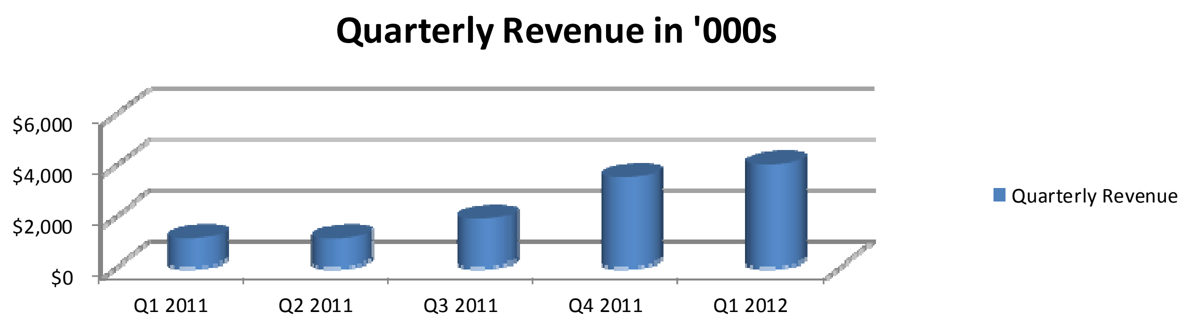
Corporate G&A Operating Expense Components	Three months ended March 31, 2012		2011	
	$ (000's)	%	$ (000's)	%
Expense Category:				
Salaries, Benefits & Contractors	$404	84.2%	$100	78.1%
Travel	21	4.3%	16	12.5%
Professional fees	21	4.3%	0	0.0%
Office rent	11	2.2%	3	2.3%
Other	24	5.0%	9	7.0%
Total Corporate Operating Expenses	**$480**	**100.0%**	**$128**	**100.0%**

These Corporate G&A expenses increased significantly over the comparable quarter 2011 due to growth initiatives, increasing public disclosure requirements, and consolidating the corporate level activities out of individual business segments. These activities were handled primarily through the addition of personnel to handle the increasing level of corporate level demands.

Corporate G&A has 5 full time staff as of March 31, 2012, all based out of Houston, TX.

Summary of Quarterly Results

Summary of Quarterly Results (in thousands except per share amounts)	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Revenue	$4,002	$3,487	$1,883	$1,098	$1,102
Adjusted EBITDA (loss)	520	78	96	(19)	(57)
Net earnings (loss) for the period	(406)	(888)	4,358	(107)	(165)
Earnings (loss) per share - basic	($0.007)	$0.15	$0.17	($0.01)	($0.01)
Earnings (loss) per share - diluted	($0.007)	$0.13	$0.17	($0.01)	($0.01)



Reconciliation of Adjusted EBITDA to Net Earnings (Loss) (in thousands of dollars)	2012 Q1	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Adjusted EBITDA	$520	$78	$96	($19)	($57)
Gain on fair value increment on acquisition, net of deferred income tax	-	(1,943)	5,161	-	-
Business acquisition expenses	-	(9)	(300)	-	-
Amortization	(714)	(724)	(240)	(5)	(4)
Interest expense	(265)	(278)	(19)	(16)	(17)
Interest expense on convertible debentures	-	(79)	(303)	(36)	(34)
Accretion on convertible debentures	-	(13)	(19)	(19)	(18)
Deferred Income Tax Recovery	80	618		-	-
Foreign exchange	8	(6)	(1)	5	(17)
Stock based compensation	(35)	(54)	(17)	(17)	(18)
Net earnings (loss) for the period	($406)	($2,410)	$4,358	($107)	($165)

Note: Amortization and stock-based compensation are included in operating expenses in the Company's Consolidated Statement of Operations.

For the three month period ended March 31, 2012, rental operations recorded $0.57 Ml. of Adjusted EBITDA, software operations $0.40 Ml. and Corporate G&A recorded an EBITDA loss of $0.45 Ml. The aggregate quarter ending March 31, 2012 Adjusted EBITDA of $0.52Ml. is compared to an Adjusted EBITDA loss of $0.06 Ml. for the quarter ended March 31, 2011.

Effect of Seasonality*:*

The seasonality of the Company's business platforms is expected to impact its quarterly operating results as follows:

1) Construction and Industrial Equipment Rental

The Company's equipment rental business will generally be lower from January through March as the winter weather hampers construction activity. This is not a geographically limited occurrence. From April through July, the rental demand for construction and general rental equipment grows gradually as rental activities accelerate into the summer months. From August through November the demand for rental equipment continues as construction companies strive to meet construction targets prior the start of the holiday season in December. This general equipment rental seasonality is to some extent mitigated as the Company's entire rental operations are located in California.

2) Enterprise Asset Management Software

As more than 50% of the Company's revenue generated from this platform is recurring license fees which accrue equally each month and quarter, seasonality is not a large factor in this business.

The balance of the revenue streams do have a limited amount of seasonality stemming from a reduction in available resources during the summer vacation season and to some extent from potential new installations which tend not to be prevalent again during the summer months.

Cash Flow, Liquidity and Capital Resources

Cash flow from operations for the quarter ended March 31, 2012 was a negative $0.3 Ml. compared to negative $0.1 Ml. for the quarter ended March 31, 2011. As at March 31, 2012, the Company had working capital of $1.1 Ml. and cash of $1.3 Ml. compared to working capital of $1.2 Ml. and cash of $2.0 Ml. as at December 31, 2011. These results are primarily related to the performance of the Company and the management of the growth during the most recent quarter.

As at recent year and quarter ends, the Company has one large item which is accrued in current liabilities within the financial statements as of March 31, 2012, the ultimate quantum and timing of payment which is difficult to forecast. This item is an accrual in respect of a default judgment in favour of a former landlord which resulted from the non-payment of rent relating to leased office premises in the United States which were vacated in 2001. The original amount of the judgment in 2002 was $0.22 Ml. U.S. The present balance accrued, including accrued interest to March 31, 2012, is $0.66 Ml. using current exchange rates.

As at March 31, 2012, the Company's is entered into senior securitized loan agreements covering the acquisition of fleet, both from the Rolls Acquisition in August 2011 as well as subsequent rental fleet purchases. A summary of these long term debt obligations as at March 31, 2012 are as follows:

Total Long Term Debt Outstanding:	$12,837,406
Current Portion of Long Term Debt:	$1,167,286

The interest rates for these facilities fall within the range of 5.7% to 7.0% and with terms of either 48 or 62 months. All presently drawn facilities are drawn with Noble Rents as the borrower and all facilities are guaranteed by Texada Software Inc. In the case of all facilities, the lender has a first security interest on all assets of the business. As at March 31, 2012, Noble Rents has two open additional loan facility agreements covering capital equipment financing from the same lender as all other facilities. These two facilities total up to $3.4 Ml U.S. based on the planned purchase of $4.0 Ml. U.S. of equipment rental fleet, less deposits and first month payments of $0.6Ml. U.S. Of this combined $3.4 Ml. credit facility, the amount drawn as at March 31, 2012 totaled $0.1 Ml. U.S., leaving $3.3 Ml. available to be drawn. The balance of the facility is expected to be drawn completely by the conclusion of the third quarter ending September 30, 2012.

The Company does not presently have an operating line of credit. Management continues to monitor the availability of a facility to provide additional liquidity to the Company. Although credit markets and the availability of facilities of this nature have improved there are no assurances that a new facility can be secured on terms and conditions which would make it acceptable to the Company. As of March 31, 2012, the Company has received a recapitalization term sheet, and as at May 30, 2012, the Company has received the approval of the lender to close the refinancing arrangement, expected to take place on May 31, 2012.

The Company had a cash balance of $1.3 Ml. as at March 31, 2012 and $2.0 Ml. as at the close of business on December 31, 2011. However, there can be no assurances that these resources, combined with cash generated from future operations, will be adequate to allow the Company to continue with normalized operations. Of significance to the cash balance of the Company as at March 31, 2012 is a large past due balance from a customer, of which a material portion has subsequently been received as of May 30, 2012 and represented in the May 30, 2012 reported cash balance.

Outstanding Share Data:

As at May 30, 2012, the Company had 63,405,184 issued and outstanding common shares. Further information can be found in the Company's Consolidated Financial Statements for the years ended December 31, 2012 and 2011.

Risks and Uncertainties:

Texada's management team is responsible for the evaluation and management of risk factors affecting the Company. The following is Management's assessment of the most significant potential risks which would have the greatest impact on the Company over the ensuing 12 to 24 months given currently available information. This analysis contains forward looking statements that may differ materially from future actual results.

As described under "Liquidity and Capital Resources", the Company had a cash balance of approximately $1.5 Ml. as at the close of business on May 30, 2012 and has working capital of $1.1 Ml. as at March 31, 2012. However, there can no assurances that these resources combined with cash generated from future operations will be adequate to allow the Company to continue with normalized operations, including adequate funding to grow the equipment rental fleet.

The Company derives significant revenue from its top five customers in its enterprise software business with one customer accounting for 14% of the Company's total revenue (39% of enterprise asset management software revenue) for the quarter ended March 31, 2012. Should any key customers, in particular the customer accounting for 39% of enterprise asset management software, be lost for any reason, the resulting impact on the Company's performance could be material.

For the quarter ended March 31, 2012, the rental segment has no one customer which accounted for more than 3% of rental segment revenue. Having high customer counts with lower average account balances opens the Company up to risk within the billing and collection of customer accounts due to the high quantity of transactions. Diligent efforts are being exerted to continue strengthening account credit approval processes to be inclusive of customers that are likely to remit payment within issued credit terms while mitigating the risk of less credit worthy ones through the use of pre-payment and accelerated payment terms. Additional efforts are being concentrated on the accounts receivable collection process to reduce the number of day's sales outstanding and to identify potential non-payment threats sooner and more efficiently.

The Company is also subject to other credit and collections risk on its company-wide outstanding accounts receivable. Given the current global economic climate, this area is presently even more critical. In order to mitigate the quantum of possible losses in this area, management reviews the Company's exposure on a regular basis and takes the necessary steps to remedy delinquencies as quickly as possible. By entering the construction and industrial equipment rental industry, risk in this area increased significantly.

The process of developing technology from concept stage through design to final production involves time to complete proper testing, redesigning as required and acceptance and adoption by customers. Unexpected testing results or performance irregularities are the norm in a development process and can result in new product offerings being delayed beyond projected time frames as can a slow adoption rate from customers. The risk of not developing and introducing reliable product and a timely basis into customer tests or pilots presents one of the greatest risks to Texada. Management can mitigate this risk through its product development plan, continuous communications with customers and partners and continuous assessment of and adjustment to market trends.

In an expanding market where innovation, new product development and customer support require specialized technical knowledge, there is an increased demand for skilled resources. The Company attempts to maintain market accepted remuneration levels and continuously seeks to complement strategic needs with a qualified workforce. Texada faces the risk of not being able to meet the increasing market expectations or faces the loss of current employees for any number of reasons. The risk of loss is managed thru communication of corporate goals and strategy, individual contribution to achieve these goals as well as remuneration emphasizing longer term commitment to the Company.

The Company is exposed to foreign currency risk as a result of selling software and services to the United States, Australia and New Zealand in their respective currencies. The Company's exposure to foreign currency fluctuations is partially hedged by purchasing certain services and products in these respective currencies. The Company monitors its foreign exchange exposure and will consider forward exchange contracts for any significant exposure. To date, the Company has not entered into any forward exchange contracts. The Company has injected $2.4 Ml. U.S. into its U.S. subsidiary Noble Rents. U.S. subsidiary significantly increase the Company's foreign currency exposure in the event that additional funds are required to fund this business.

The integration of the Company's operations into the rental equipment business is not without risk. These risks include, but are not limited to, the considerable financial leverage and annual debt repayment requirements relative to anticipated cash flows, the execution of an operational turnaround for both acquisitions, the effect on operations as a result of any reaction of the Company's rental industry competitors to its expansion into the rental equipment sector, the reaction of the Company's existing equipment rental customers for its asset management software and the availability of additional capital to grow the rental business beyond the platform of the initial acquisition. There can be no assurances that sufficient capital will be available on acceptable terms and conditions, or at all.

Subsequent events:

On May 11, 2012, the Company announced that it had received approval of a term sheet issued by a lender for a $25.0 Ml. U.S. credit facility to recapitalize the debt of the Company's equipment rental business. As of May 30, 2012, the lender's Credit Committee has approved the term sheet and the Company has established an expected closing date on the debt financing of May 31, 2012. The expected debt at close is anticipated to be $13.2 Ml. U.S., leaving $11.8 Ml. U.S. undrawn and available for use, subject to adequate borrowing base.

On May 15, 2012, Texada announced that the Company has entered into an exclusive distribution agreement with LiuGong Construction Machinery for 10 counties that make up and surround the market of Houston, TX and that the Company will purchase 20 LiuGong equipment units over the initial 12 month period.

On May 16, 2012, the Company announced a non-brokered private placement (the "Private Placement") of up to 22,500,000 common shares of the Company at a price of $0.20 per share for anticipated gross proceeds of up to $4.5 Ml. The Company intends to use the net proceeds of the Private Placement for working capital and equipment and other asset purchases.

Other:

Additional information relating to the Company is available on SEDAR at www.sedar.com.