Management Discussion and Analysis

Year Ended December 31, 2011

TEXADA SOFTWARE INC.

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

The following discussion of the financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2011 which was prepared under International Financial Reporting Standards ("IFRS"). This MD&A has been prepared as of April 24, 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") 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 required by law.

Non-IFRS Measures

The term ''Adjusted EBITDA'' refers to net earnings (loss) before deferred income tax, gain on fair value increment on acquisition, acquisition expenses, amortization, interest expense, interest expense on convertible debentures, accretion on convertible debentures, foreign exchange, stock-based compensation, lease closure and gain on sale of asset. 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 ''Results of Operations -Adjusted EBITDA'' for a reconciliation of Adjusted EBITDA to net earnings (loss).

International Financial Reporting Standards ("IFRS")

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). These are the Company's first consolidated financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. Subject to certain transition elections disclosed in note 22 within the consolidate financial statements, the Company has consistently applied the same accounting policies in its opening IFRS consolidated statement of financial position at January 1, 2010 (the "transition date") and throughout all periods presented, as if these policies had always been in effect.

An explanation of how the transition from Canadian generally accepted accounting principles ("CGAAP") to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 22 within the consolidated financial statements. This note includes reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under CGAAP to those reported for those periods and at the date of transition under IFRS.

In accordance with the transition rules, the Company has retroactively applied IFRS to the comparative data presented. The Company has restated 2010 comparative data throughout this MD&A to reflect the adoption of IFRS, with effect from January 1, 2010 (the "Transition Date"). For the year ended December 31, 2010, Texada's net earnings were $284,198, $17,045 lower than under GAAP.

Background of Texada:

Texada Software Inc. is the parent company of the Group. 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.

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 ("CEO") that the Board of Directors was encouraging Management to investigate business expansion opportunities, including the potential acquisition of related businesses. Mr. Swisher was previously CEO of the Company from 2002-2005. 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 is 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 SoCal Acquisition, to acquire additional rental fleet for the Rolls 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 demonstrates the Company's strategic intent to remain as a premier provider of enterprise asset management software.

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. Mr Manji and Mr. Palmer are expected to be independent members of the Company's Board of Directors.

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.

Description of Texada's Businesses:

Following the completion of the Rolls acquisition on August 30, 2011, the Company operates in two complementary business platforms, as follows:

a) <u>Enterprise Asset Management Software</u>

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. During the first quarter of 2011, the Company announced a "Software-as-a-Service ("SaaS") subscription model option for delivery of SRM to the Company's existing and potential install base.

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, public company expenditures and insurance.

b) <u>Equipment Rental</u>

Through its wholly-owned U.S. subsidiary, Noble Rents, Inc., the Company operates the Rolls rental business under the name “Rolls High Reach”. Rolls was established in 1958, with its largest facility and support location being situated at a leased facility in Ventura County, California. Additionally, Rolls has Southern California leased locations in Long Beach, Riverside and San Diego.

Rolls has approximately 50 employees and a modern rental fleet of over 1,000 pieces of aerial and forklift equipment supplied by Genie and other name brand manufacturers. Management has identified numerous strategic and operational enhancements which it expects to implement at the business over the next year, included the installation of the Company’s SRM enterprise system which is expected to be a key factor in more efficiently and profitably running the Rolls business day to day.

In conjunction with the acquisition, the existing lender to Rolls agreed to provide additional financing of up to $3.4 Ml. U.S. to allow for the procurement of additional fleet to augment Rolls’ existing product mix. As of December 31, 2011 this facility was fully drawn with $3.9 Ml. of fleet being acquired.

The Company has a third facility with the same lender to acquire a further $2.0 Ml. U.S. of rental fleet. The lender has agreed to finance $1.7 Ml. under this facility. As of December 31, 2011, the Company has made a deposit of $0.20 Ml. to the lender as a deposit under this agreement.

Rolls’ revenue is primarily from the short term rental of its aerial and forklift fleet to third parties along with delivery and other ancillary revenue. At present, Rolls sells a negligible amount of parts and new equipment to its customer base. Other revenue includes the proceeds on the disposition of existing rental in the ordinary course as part of the ongoing capital expenditure plan for the business.

Cost of revenue consists primarily of the amortization on rental fleet and other capital assets, including vehicles. 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 branch operations including the delivery and maintenance of rental fleet. Other expenses in this area include 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.

Texada's Market:

Following the completion of the Rolls acquisition on August 30, 2011, the following is an outline of the markets for the Company's two complementary platforms:

a) Enterprise Asset Management Software

The rental equipment 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) general tool rental, (ii) party and event rental and (iii) construction and industrial equipment rental. While the Company has customers in all three segments, Texada sells primarily to companies operating in the approximately $35 billion 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 25 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 leader is estimated to have less than a 15% market share and the largest five competitors are estimated to have less than a 25% combined market share.

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.

b) Equipment Rental

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 mainly 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 equipment rental market is currently US $35 billion 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%

Rolls operates exclusively, at this time, in the heavy and light construction equipment rental market, with 100% its existing rental fleet being aerial reach and forklift 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, skidsteer 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.

Overview of the Year Ended December 31, 2011:

The Company recorded significant year-over-year increases in its operating results for the year ended December 31, 2011. Revenue, Adjusted EBITDA, total assets, total liabilities and shareholders' equity all grew materially in 2011 compared to 2010.

These increases were for the most part attributable to the Company's acquisition of Rolls on August 30, 2011. The results of operations of Rolls are included in the Company's operating results from the date of acquisition only. A onetime gain recorded in the period of $3.2 Ml. net of deferred income tax expense, related to the Rolls acquisition dramatically affected the Company's consolidated results. This item is discussed later in this MD&A.

In addition to the acquisition of Rolls, during the year, management continued to focus on initiatives to further strengthen and grow its long standing enterprise software business. This is demonstrated by the Company's announcement on November 9, 2011 that it had entered into a multi-year extension of its strategic relationship with PROIV Technology LLC to provide software application development tools to Texada.

This substantial 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 considerable efforts expended by Management dating back to the fourth quarter of 2010 came to fruition during the year with the Company's acquisition of Rolls. As discussed under the heading "Background and Description of the Business" this is Texada's first acquisition emanating from the Company's strategic intent to grow its business and enhance shareholder value which was announced on October 22, 2010. Management has been diligently working on streamlining and improving the Rolls business since the closing of the acquisition and is presently finalizing the a detailed strategic and operating plan for the business.

The following chart outlines in summary form the Company's results for the year ended December 31, 2011, including the Rolls equipment rental business commencing on August 30, 2011:

Financial Performance in 2011 (As at and for the years ending December 31st)

Selected Annual Information *(in thousands of dollars except per share amounts)*	**2011**	**2010**	**2009**
Revenue	$ 7,670	$ 4,447	$ 4,441
Gain on fair value increment on acquisition, net of deferred income tax	3,218	-	-
Adjusted EBITDA	98	694	562
Net earnings for the year	1,676	284	316
Total Assets	24,220	1,625	1,139
Total Liabilities	(18,086)	(2,646)	(2,983)
Total Shareholders' Equity (Deficiency)	6,134	(1,022)	(1,799)
Net earnings per share (basic)	$ 0.08	$ 0.03	$ 0.04
Net earnings per share (diluted)	$0.07	$ 0.03	$ 0.04

Note: The data for 2009 above is under CGAAP.

As outlined above, Texada had net earnings of $1.7 Ml. for the year ended December 31, 2011 compared to net earnings of $0.28 Ml. for the year ended December 31, 2010. This change is primarily due to a gain on fair value increment on acquisition of $3.2 Ml. in 2011., net of deferred income tax. This onetime item is discussed in more detail later in this MD&A.

Adjusted EBITDA for the year was $0.10 Ml. in 2011 compared to $0.69 Ml. in the prior year. The change in Adjusted EBITDA between the two years is primarily due to the acquisition of Rolls effective August 30, 2011, which generated Adjusted EBITDA of $0.73 Ml. during the period offset by $1.24 Ml. of strategic initiative expenses in 2011 compared to $0.10 Ml. in 2010. The Company's strategic initiative was announced on October 22, 2010 as outlined earlier in this MD&A.

The Company's total assets and total liabilities have both increased significantly in 2011, again reflecting the effect of the Rolls acquisition and the private placement transactions completed in the third quarter.

Shareholders' equity (deficiency) improved dramatically during the year ended December 31, 2011. The improvement for the year was $7.2 Ml. primarily due to the $3.2 Ml. gain booked on the Rolls acquisition and due to a private placement of common shares completed in the third quarter for gross proceeds of $4.0 Ml. and the conversion of $1.1 Ml. of the convertible debentures in December 2011.

Operating Results:

Given the dramatic effect of the Rolls acquisition on the operating results of the Company, revenue and operating expenses for the enterprise software business (including strategic review expenses commencing in Q4 2010) are presented separately from those of Rolls for the year ended December 31, 2011. A summary overview of the operating results of the Rolls business for the four months it was owned by Texada during 2011is provided below.

A) Enterprise Asset Management Software

Revenue

Revenue *(in thousands of dollars)*	**2011**	**2010**	**2009**
Licenses	$ 3,066	$ 3,073	$ 2,834
Services	1,394	1,374	1,607
Total	$ 4,460	$ 4,447	$ 4,411

For the year ended December 31, 2011, total revenue was consistent in 2011 compared to 2010 at $4.5 Ml. The split between license revenue and service revenue was also unchanged between the two years. In both years the revenue split is licenses, 69% and services 31%.

Revenue from ongoing, recurring license maintenance fees was $2.5 Ml. for the year, up 6.5% from the revenue in this area in 2010. License revenue from new licenses was $0.52 Ml. in 2011 compared to $0.27 Ml. in 2010. This increase was offset by a decline in revenue from version upgrades from $0.44 Ml. in 2010 to $0.03 Ml. in the current year. Overall service revenue increased by $0.02 Ml. or 1.5% in 2011 over fiscal 2010 with no major changes noted between the two years in the component parts in this area.

One customer accounted for in aggregate 13% of the Company's total revenue (29% of enterprise software revenue) in 2011 compared to two customers which accounted for 29% of total revenue for the year ended December 31, 2010.

Gross profit for 2011 was relatively unchanged at $3.92 Ml., compared to $4.0 Ml. in 2010. As a percentage of revenue, gross profit was 88%, compared to 90% 2010. Cost of revenue in the quarter was relatively consistent in the current year compared to 2010. 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)*	**2011**	**2010**	**2009**
Support	$ 1,357	$ 1,359	$ 1,259
Sales and marketing	290	316	347
Research and development	816	525	556
General and administration	1,005	1,029	997
	$ 3,468	$ 3,229	$ 3,159

Total operating expenses for the year ended December 31, 2011 increased by $0.24 Ml. or 7.4%. This increase was almost exclusivity in research and development expenses which increased by 55%. The other expense categories for enterprise asset management software remained relatively constant in 2010.

Support, maintenance & delivery expenses include personnel and related costs associated with maintenance, training and professional services efforts. Support expenses were constant in 2011 compared to 2010. However, certain personnel were regrouped and charged to research and development in 2011 which had been recorded as support expenses in 2010. This regroup resulted in a relatively static expense total for support related expenses in the current year. Support expenses are expected 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 $0.29 Ml. in 2011 compared to 2010. The majority of this increase relates to an increase in salaries, benefits and outside contractors in 2011 compared to the same period of 2010. A regrouping of personnel to research and development from support accounted for a portion of the increase in expenses in 2011.

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. Sales and marketing expenses in the year were for the most part consistent with expenses incurred in fiscal 2010.

General and administration expenses include personnel and related costs associated with the administration of the Company, rental of office space, legal and professional fees, bad debt and insurance. General and administration expenses decreased by $0.02 Ml. in 2011 compared to 2010.

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

Components of Operating Expenses	**Year ended December 31,**			
	2011		**2010**	
	$ (000's)	**%**	**$ (000's)**	**%**
Expense Category:				
Salaries and Benefits	$ 2,381	68.7%	$ 2,235	69.2%
Outside Contractors	420	12.1%	399	12.4 %
Professional Fees	93	2.7%	163	5.0%
Rent and Utilities	91	2.6%	93	2.9%
Travel	66	1.9%	57	1.8%
Trade Shows	56	1.6%	33	1.0%
Other	362	10.4%	249	7.7%
TOTAL	$ 3,468	100%	$ 3,229	100.0 %

Approximately 81% of operating expenses in the year related to personnel and contractors (2010 - 82%). The enterprise asset management software business of Texada has 25 fulltime staff as of December 31, 2011.

B) Equipment Rental

As Texada acquired Rolls on August 30, 2011, the results of the Rolls business only included in the Company's operating results from the effective acquisition date which was August 31, 2011. Certain comparative information is provided below in order to assist in providing a comparison to the prior year.

Total revenue for the four month period ended December 31, 2011 was $3.2 Ml. compared to $2.5 Ml. for the four months ended December 31, 2010. Revenue is both years was almost exclusivity from equipment rental, including delivery and other ancillary revenue from the rental process. The size of the Rolls rental fleet, and therefore the revenue producing potential of the business was, for the most part consistent, in 2011 to 2010.

Cost of revenue in 2011 was $0.96 Ml., comprised almost exclusivity of amortization on rental fleet. This is consistent with the expense in 2010.

Total operating expenses in 2011 were $2.43 Ml., (excluding gain on fair value increment on acquisition and acquisition expenses) compared to $2.45 Ml. in 2010 when Texada did not own the Rolls business. The component breakdown in 2011 of operating expenses was i) Support, maintenance & delivery $1.43 Ml.; ii) Sales & marketing $0.37 Ml. and iii) General and administration $0.63 Ml. Amortization expense in 2011 totalled $0.92 Ml. of which $0.90 Ml. is included in cost of revenue and the balance in support, maintenance and delivery and in sales & marketing.

The major components of total operating expenses for Rolls (excluding fair value gain on acquisition and business acquisition expenses) are as follows:

Components of Operating Expenses	Year ended December 31,			
	2011		2010	
	$ (000's)	%	$ (000's)	%
Expense Category:				
Salaries and Benefits	$ 1,181	48.6%	$ 1,021	41.7%
Parts and Maintenance	600	24.7%	685	28.0%
Insurance and Property Taxes	240	9.9%	156	6.4%
Rent and Utilities	232	9.5%	266	10.9 %
Professional Fees	62	2.6%	78	3.2%
Other	116	4.7%	244	9.8%
TOTAL	$ 2,431	100%	$ 2,450	100.0 %

Rolls' Adjusted EBITDA in 2011 was $0.73 Ml. compared to $0.25 Ml. for the same period in 2010, when Texada did not own the business. The increase in Adjusted EBITDA compared to 2010 when the Texada did not own Rolls is a result of additional revenue in 2011 compared to the same period last year.

Rolls has 50 full-time employees as of December 31, 2011.

C) Strategic Initiative Expenses

Texada's strategic initiative , as outlined earlier in this MD&A was announced on October 22, 2010. All operating expenses not otherwise allocated to the enterprise asset management software or equipment rental business during the year have been shown as strategic initiative expenses for 2011 and 2010.

These expenses totalled $1.26 Ml. in 2011 compared to $0.09 Ml. in 2010. This increase was primarily due to increases in personnel and travel related expenses incurred in the year as the Company had significant costs in closing the Rolls acquisition, evaluating other expansion opportunities and generally in building an infrastructure to allow Texada to execute on the strategic initiative mandate going forward to ensuing years.

The following is a separate breakdown of strategic initiative expenses in 2011 compared to 2010:

Components of Strategic Initiative Expenses	Year ended December 31,			
	2011		2010	
	$ (000's)	%	$ (000's)	%
Expense Category:				
Salaries and Benefits	$ 576	45.7%	$ 68	70.8 %
Outside Contractors	222	17.6%	-	-
Travel	154	12.2%	19	19.8%
Professional fees	150	11.9%	-	-
Office rent	36	2.9%	2	2.1%
Other	122	9.7%	7	7.3 %
TOTAL	$ 1,260	100%	$ 96	100.0 %

Adjusted EBITDA

Reconciliation of Adjusted EBITDA to Net Earnings *(in thousands of dollars)*	2011	2010	2009
Adjusted EBITDA	$ 98	$ 694	$ 562
Gain on fair value increment on acquisition, net of deferred income taxes	3,218	-	-
Deferred income tax recovery	618	-	-
Amortization	(973)	(33)	(74)
Acquisition expenses	(309)	-	-
Interest expense	(330)	(76)	(96)
Interest expense on convertible debentures	(452)	(102)	(93)
Accretion on convertible debentures	(69)	(87)	(80)
Foreign exchange	(19)	(48)	29
Stock based compensation	(106)	(64)	(16)
Lease closure (provisions) settlements	-	-	86
Gain (loss) on sale of asset	-	-	(2)
Net earnings for the year	$ 1,676	$ 284	$ 316

Notes: 1) Amortization and stock-based compensation are included in operating expenses in the Company's Consolidated Statements of Operations: 2) The year ended December 31, 2009 in under CGAAP.

The Company reported a gain on fair value increment on acquisition of $3.2 Ml., net of deferred income tax during the year ended December 31, 2011. This gain was a result of the acquisition of the Rolls business. Under IFRS all assets purchased and liabilities assumed on a business acquisition are required to be recorded based upon their fair value at that date. The total fair value of the assets acquired was $5.4 Ml. in excess of liabilities assumed and cash paid. Accordingly, the Company recorded a gain of $3.2 Ml., net of deferred income tax expense of $2.2 Ml. in the consolidated statement of operations and comprehensive income during the year.

In conjunction with the closing of the Rolls business, the Company incurred $0.31 Ml. of acquisition related expenses primarily related to professional advisors, which has been disclosed separately in the Company's statement of operations and comprehensive income.

Amortization increased to $973 from $33 in 2010 due to the Rolls acquisition on August 30, 2011. Rolls also accounted for the increase in interest expense in 2011from $76 to $330.

Interest expense on convertible debentures was $0.45 Ml. during the year ended December 31, 2011 compared to $0.10 Ml. in 2010. This increase is primarily related to the triggering of a provision in the Company's convertible debentures maturing on December 2, 2011 pertaining to a change of control, as defined, resulting from the private placement which closed in the third quarter of 2011.

The Rolls acquisition was accounted for using the purchase method. The purchase price was allocated to the assets acquired and the liabilities assumed based upon their estimated fair values as follows:

Assets acquired:		
Accounts receivable	$	1,655,482
Parts inventory		293,790
Property and equipment:		
Shop equipment		48,965
Vehicles		1,200,632
Rental fleet		12,608,382
Intangible asset - customer list		244,825
		16,052,076
Liabilities assumed and cash paid:		
Lender financing		(9,444,901)
Accounts payable and other debt		(1,126,562)
Deferred tax liability		(2,140,000)
Cash paid at closing		(122,413)
		(12,833,876)
Fair value increment on acquisition	$	3,218,200

Commencing on the acquisition date of August 30, 2011, the Company has provided depreciation and amortization of property and equipment and the intangible asset acquired over their respective estimated useful lives, using a straight-line method, as follows: a) Rental fleet: 3-6 years, 10% residual: b) Other property and equipment: 3-5 years, no residual and c) Customer list - five years.

The assets, liabilities and results of operations of Rolls have been consolidated with the Company from the acquisition date of August 30, 2011. Had the acquisition occurred on January 1, 2011, Rolls' revenue would have totalled approximately $8.8 Ml. and net earnings would have been approximately $1.6 Ml. for the year ended December 31, 2011.

Summary of Quarterly Results

Summary of Quarterly Results	2011				2010			
(in thousands except per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 3,487	$ 1,883	$ 1,198	$ 1,102	$1,074	$1,052	$1,117	$1,202
Adjusted EBITDA (loss)	78	96	(19)	(57)	140	138	189	227
Net earnings (loss) for the period	(2,410)	4,358	(107)	(165)	(2)	(2)	136	105
Earnings (loss) per share - basic	($0.07)	$0.17	$(0.01)	($0.01)	$0.01	$0.01	$0.02	$0.01
Earnings (loss) per share - diluted	($0.08)	$0.17	$(0.01)	($0.01)	$0.01	$0.01	$0.02	$0.01

Reconciliation of Adjusted EBITDA to Net Earnings (Loss)	2011				2010			
(in thousands of dollars)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Adjusted EBITDA	$ 78	$ 96	$ (19)	$ (57)	$ 140	$ 138	$ 189	$ 227
Gain on fair value increment on acquisition, net of deferred income taxes	(1,943)	5,161	-	-	-	-	-	-
Business acquisition expenses	(9)	(300)	-	-	-	-	-	-
Deferred income tax recovery	618	-	-	-	-	-	-	-
Amortization	(724)	(240)	(5)	(4)	(9)	(6)	(6)	(13)
Interest expense	(278)	(19)	(16)	(17)	(14)	(25)	(19)	(18)
Interest expense on convertible debentures	(79)	(303)	(36)	(34)	(32)	(31)	(29)	(26)
Accretion on convertible debentures	(13)	(19)	(19)	(18)	(18)	(17)	(17)	(17)
Foreign exchange	(6)	(1)	5	(17)	(15)	58	22	3
Stock based compensation	(54)	(17)	(17)	(18)	(54)	(3)	(4)	(4)
Net earnings (loss) for the period	$ (2,410)	$ 4,358	$ (107)	$ (165)	$ (2)	$ (2)	$ 136	$ 105

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

The Rolls business generated $0.73 Ml. of Adjusted EBITDA in the period ended December 31, 2011. The enterprise software business had an Adjusted EBITDA of $0.55 Ml. for the year ended December 31, 2011 compared to $0.90 Ml. in 2010. This change reflects constant revenue in the two years and an increase in cost of revenue and operating expense of $0.10 Ml. and $0.24 Ml. respectively in the current year. Strategic initiative expenses incurred of $1.26 Ml. compared to $0.01 Ml. in the prior year. As discussed earlier in this MD&A, the gain on fair value increment contributed $3.2 Ml., net of deferred income tax, to net earnings in the year.

Effect of Seasonality:

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

1) 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.

2) Equipment Rental

The Company's equipment rental business will generally be lower from January through March as the winter weather hampers construction activity. 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 factors are to some extent mitigated at Rolls due to its California location but still apply to some extent.

Cash Flow, Liquidity and Capital Resources

Cash flow from operations for the year ended December 31, 2011 was negative $0.9 Ml. compared to positive $0.01 Ml. in 2010. This decrease is primarily attributable to Rolls, in particular a use of cash of $0.53 Ml. pertaining to an increase in prepaid expenses and other assets, including $0.21 Ml. for insurance and a deposit on future rental fleet purchases of $0.20 Ml. made in the current year.

During the year, the Company collected in full a deferred payment arrangement with one of the Company's largest customers which had been entered into in the fourth quarter of 2010. This arrangement extended payment terms on a significant project undertaken in 2010. The amount totalled $0.22 Ml. and was paid in full in the first quarter.

As at December 31, 2011, the Company had working capital of $1.2 Ml. compared to $0.07 Ml. as at December 31, 2010. The 2010 amount excludes the Company's convertible debentures due in December 2011. This improvement of $1.27 Ml. resulted primarily due to the $4.0 Ml. private placement completed in the fourth quarter and working capital acquired on the Rolls acquisition of $0.72 Ml. offset by $1.4 Ml. of current portion of long-term debt and license obligation and other changes in working capital from operations during the period. As at December 31, 2011, the Company's cash position stood at $1.98 Ml., compared to $ 0.85 Ml. at December 31, 2010.

As at recent year ends, the Company has one large item which accrued for in current liabilities within its financial statements as of December 31, 2011, 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 December 31, is $0.66 Ml. using current exchange rates.

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 up to $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 SoCal Acquisition, to acquire additional rental fleet for both businesses, and for 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. Approximately 50% of net proceeds of this financing were used to complete the Rolls acquisition, with the balance providing the Company with additional working capital for its future operations, including the capital expenditures for Rolls detailed earlier.

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, $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. This event has significantly improved the Company's' liquidity.

In conjunction with the Rolls acquisition the Company's U.S. subsidiary entered into a loan agreement covering the terms and conditions of a long-term debt obligation, the "First Facility". The principal terms of the facility are as follows:

Advance Date: August 30, 2011

Interest Rate: 7.0%, effective October 1, 2011

Monthly Payments: 24 payments of $120,000 U.S. on account of principal and interest followed by 24 equal payments of principal and interest calculated to amortize the remaining loan balance to $964,454 U.S.

Maturity Date: September 30, 2015

Security: First security interest on all assets

Guarantor: Texada Software Inc.

Other: Open for repayment at any time without notice or prepayment premium

The balance outstanding as of December 31, 2011 on the First Facility is $9,526,985 ($9,714,664 U.S.).

The Company has entered into a loan agreement (the "Second Facility") covering capital equipment financing from the same lender as the First Facility. The loan amount is up to $3,400,000 U.S. to be drawn on the purchase of $4,000,000 U.S. of rental fleet.

As of December 31, 2011 this facility has been fully drawn in various tranches. The principal terms of the facility are as follows:

Interest Rate*:* 5.92%

Monthly Payments: 12 equal payments of principal and interest totaling 1.0% per month of the value of the equipment financed followed by 50 equal payments of principal and interest to amortize the loan to 15% of the original amount

Maturity Date*:* 62 months following advance

Security: First security interest on all assets

Guarantor*:* Texada Software Inc.

Other: Open for repayment at any time without notice or prepayment premium

The balance outstanding as of December 31, 2011 on the Second Facility is $3,491,034 ($3,559,807 U.S.).

The Company has entered into a loan agreement (the "Third Facility") covering capital equipment financing from the same lender as First and Second Facility. The loan amount is up to $1,700,000 U.S. which can be drawn on the purchase of $2,000,000 U.S. of rental fleet under substantially the same terms and conditions as the Second Facility. As of December 31, 2011, and under the terms of the Third Facility, the Company has provided a non-refundable deposit to the lender in the amount of $200,000 U.S. The deposit is included in prepaid expense and other assets as at December 31, 2011.

The following are the amounts due over the next five years on long-term debt:

2012	$ 1,199,880
2013	2,041,653
2014	4,107,884
2015	4,297,478
2016 and thereafter	1,371,124
	$ 13,018,019

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, particularly following the Rolls acquisition. 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.

The Company had a cash balance of $2.0 Ml. as at December 31, 2011 and $1.5 Ml. as at the close of business on April 23, 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.

Related Party Transactions:

Loans

The Company has provided loan advances of $87,500 to a corporation controlled by a senior officer/director in conjunction with two of the Company's financing transactions. The advances were used to acquire 62.5 units of the convertible debenture financing completed by the Company in 2008 and 350,000 common shares of a private placement in 2010. The advances are non-interest bearing, with $52,500 due on December 2, 2013 and $35,000 due on December 3, 2015 (and in certain circumstances an earlier date should the senior officer/director cease to be employed by the Company) and are secured by the common shares acquired with the loan advances.

Transactions

During the year, the Company paid a related party $106,309 for certain technology and other business development expenses which had been incurred on the Company's behalf. The entity is wholly owned by two senior officers/directors of the Company.

Key management personnel compensation

In addition to their salaries, key executive officers participate in short terms bonus plans based upon the financial performance of the Group and other non financial factors, set annually. The Company also provides standard benefit plan and vehicle allowances to executive officers. In addition, key executive officers are offered stock option grants from time to time at the discretion o the Group's board of directors.

Key executive officers have contracts entitling them to severance payments of up to 12 months following their departure from the Group.

Key management personnel compensation is comprised of:

	2011	2010
Salaries and benefits	$ 674,522	$ 397,762
Short-term bonus plans	210,448	79,772
Stock options	71,551	53,138
	$ 956,521	$ 530,762

Shareholdings

Key executive officers of the Company control 5.4% of the Company's outstanding voting common shares as at December 31, 2011.

Outstanding Share Data:

As at April 23, 2012, the Company had 62,772,328 issued and outstanding common shares. Further information can be found in the Company's Consolidated Financial Statements for the years ended December 31, 2011 and 2010.

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 April 23, 2012 and has working capital of $1.2 Ml. as at December 31, 2011. 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 Rolls equipment rental fleet.

The Company derives significant revenue from its top five customers in its enterprise software business. One customer accounted for 13% of the Company's total revenue (29% of enterprise software revenue) for the year ended December 31, 2011. Should any key customers be lost for any reason, the resulting impact on the Company's performance could be material. The Company's President has made one of his top priorities to reach out and meet on a regular basis with all of the Company's enterprise software key customers in order to maintain and improve relationships with these important stakeholders. To date, such contact has resulted in much needed feedback which has been beneficial in improving relationships with these parties and planning for future initiatives with these parties and others.

The equipment rental business was commenced on August 30, 2011 with the acquisition of Rolls. For the period ended December 31, 2011, Rolls has no one customer which accounted for more than 10% or revenue.

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 as part of the Rolls acquisition. This acquisition significantly increase the Company's' foreign currency exposure in the event that additional funds are required to fund this business.

The Company is also subject to credit and collections risk on its 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. The acquisition of Rolls has escalated the risk in this area significantly. Management is presently dedicating resources in this area of the Rolls business to ensure adequate controls and procedures are in place to control this risk.

The vertical 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:

None

Other:

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