

Management's Discussion and Analysis

FRONTLINE TECHNOLOGIES INC.
(FORMERLY BELZBERG TECHNOLOGIES INC.)

Three months ended March 31, 2011 and 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") of Frontline Technologies Inc., formerly Belzberg Technologies Inc. ("Frontline" or the "Company") for the three months ended March 31, 2011 is dated June 10, 2011. Effective January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). This MD&A should be read in conjunction with the unaudited Condensed Interim Financial Statements for the quarter ended March 31, 2011, the Company's audited Canadian GAAP Consolidated Financial Statements and the accompanying notes for the year ended December 31, 2010, and the MD&A included in the Company's 2010 Annual Report. In 2010, the CICA Handbook was revised to incorporate IFRS and to require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on this basis and in this MD&A, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS. Comparative information for periods from January 1, 2010 onwards has been restated in accordance with IFRS. Additional information relating to the Company is available on SEDAR at www.sedar.com Frontline Technologies Inc.

Caution regarding forward-looking statements

This MD&A contains certain forward-looking statements that reflect Management's expectations, estimates, forecasts and projections about future performance, opportunities for growth, and the Company's future plans and intentions. Forward-looking statements are typically identified by words such as "believe", "expect", "may", "intend" and "plan". Forward-looking statements involve significant risk, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by these forward-looking statements. Some of the factors that could cause such differences include: the regulations governing the securities industry, competition for global trading solutions and intelligent order routing systems, customer dependence, ability to attract and retain key employees, technological changes, uncertainty of the ability to protect proprietary technology, and product and service liability. The preceding list is not exhaustive of all possible factors. Other factors could also affect the Company's results. For a more detailed discussion of these factors refer to the section titled "Risks and Uncertainties" in this MD&A. All factors should be considered carefully when making decisions with respect to the Company and undue reliance should not be placed on the Company's forward-looking statements. The Company does not undertake to update or revise any forward-looking statements whether as a result of new information, future events or otherwise.

Nature of Business

Frontline Technologies Inc. is a provider of trading systems and a suite of IT outsourcing services. Using Frontline's suite of integrated trading tools and network connectivity, the Company's customers have direct access to North American equities and options markets. Frontline's products and services enable traders to execute and manage large volumes of transactions with reliability and security. The Company's IT outsourcing services include infrastructure support, VOIP services and network management services to the financial services sector.

In 2001, the Company acquired a broker-dealer that provides the execution of exchange-traded equity and index options on the Chicago Board Options Exchange.

In 2002, the Company's wholly owned subsidiary, Electronic Brokerage Systems, LLC, became a member of both the National Securities Clearing Corporation ("NSCC") and the New York Stock Exchange ("NYSE"). These memberships allowed the Company to become self-clearing.

In 2006, the Company acquired the business and assets of a direct access New York floor broker.

In 2008, the Company was approved by the Financial Industry Regulatory Authority to provide full clearing services.

In 2011, the Company announced a strategy to refocus on its technology business and a definitive agreement was made to acquire Frontline Technologies Corporation by the Company. The transaction closed subsequent to the quarter ended March 31, 2011 on April 13, 2011. At the same time on April 13, 2011 the Company changed its name from Belzberg Technologies Inc. to Frontline Technologies Inc.

In 2011, the Company announced that it had entered into an agreement to refer most of the clients of its US execution businesses operated under its wholly-owned subsidiaries, Electronic Brokerage Systems, LLC and R.C. Sheehan and Associates, LLC, to BNY ConvergEx Execution Solutions LLC and LiquidPoint LLC (collectively "ConvergEx"). The Company has classified these subsidiaries as discontinued operations and assets held for sale.

Financial Overview

Highlights of First Quarter 2011 Results

- Revenue from continuing operations decreased by 12% to \$1.3 million for the first quarter of 2011 from \$1.4 million in the same year-ago quarter.
- Loss from continuing operations of \$1.8 million or (\$0.13) per share for the first quarter of 2011 as compared to a loss of \$2.1 million or (\$0.14) per share in the same year-ago quarter.
- Loss of \$2.0 million or (\$0.14) per share for the first quarter of 2011 as compared to a net loss of \$2.3 million or (\$0.16) per share in the same year-ago quarter.
- Working capital position of \$8.3 million at March 31, 2011 as compared to \$10.3 million at December 31, 2010.
- Operating expense from continuing operations decreased by 7% from \$3.3 million in the first quarter of 2010 to \$3.1 million for the first quarter of 2011.

The first quarter of 2011 presented a challenging economic and operating environment for the Company with the continued reduction of subscription based revenues as customers cancelled seats either as a result of cost cutting measures or the implementation of alternative solutions. In the first quarter of 2011, the Company continued the review of its cost structure, including headcount, market data and telecommunications and occupancy, given the continuing lower revenues. The Company reduced its headcount in the first quarter of 2011 by 11%, in addition to the 35% reduction in the prior year. Compensation expense from continuing operations was \$262,000 lower in the first quarter of 2011 as compared to the same year ago quarter, and telecommunication and datafeed service costs from continuing operations was \$154,000 lower in the first quarter of 2011 versus the same year ago quarter.

Strategy and Significant Developments

The Company's focus is on improving its operating results through cost savings, infrastructure changes and increasing revenues.

On February 23, 2011 the Company announced a change in its strategic direction to refocus on its technology business. At the same time, the Company announced a definitive agreement to merge with Frontline Technologies Corporation through an acquisition of Frontline Technologies Corporation by the Company ("Frontline Transaction"). The acquisition was approved by shareholders and completed subsequent to the quarter ended March 31, 2011 on April 13, 2011. Under the terms of the agreement, Frontline Technologies Corporation shareholders received \$1 million in cash plus 7,881,826 Class A Restricted Shares of the Company. Each Class A Restricted Share is convertible into common shares of the Company on a 1 for 1 basis subsequent to the special distribution described below. The holders of the Class A Restricted Shares are entitled to one vote per share but will not be entitled to receive dividends until the special distribution described below is paid in full. Following the closing of the transaction the former shareholders of Frontline Technologies Corporation own approximately 35% of the Company's outstanding shares. At the same time, on April 13, 2011, the Company changed its name from Belzberg Technologies Inc. to Frontline Technologies Inc.

Frontline Technologies Corporation offers infrastructure as well as a varied suite of IT outsourcing services to clients in the financial industry including a comprehensive platform for managing various aspects of trading including order management, position management, post trade matching and electronic ticketing. The combined entity, will establish a larger, more diversified and competitive provider of services and technologies for the professional trading community. Together, the combined company will also benefit from cost savings and synergies in operations, infrastructure and administration.

As part of this new strategic direction, the Company also announced on February 23, 2011, that it had entered into an agreement to refer most of the clients of its US execution businesses operated under its wholly-owned subsidiaries, Electronic Brokerage Systems, LLC ("EBS") and R.C. Sheehan and Associates, LLC ("RCS"), to BNY ConvergEx Execution Solutions LLC and LiquidPoint LLC (collectively "ConvergEx"). The operating results and cash flows of EBS and RCS are presented as discontinued operations. The assets and liabilities of EBS and RCS are presented as assets held for sale with the exception of unrestricted cash.

It is the Company's intention to pay a special distribution to the holders of its existing common shares within a year of the closing of the Frontline Transaction. The amount of the distribution, if any, will be equivalent to the amount by which the working capital of the Company as of closing of the Frontline Transaction exceeds \$2.75 million plus the total proceeds received for the referral of the US execution clients of EBS and RCS, less any costs related thereto or to the sale or wind-up of the businesses of EBS and RCS which cannot be reasonably estimated at this time. At the date of Board approval of the condensed interim financial statements all clients of RCS have been migrated to ConvergEX and no payments have been received by the Company.

Selected Financial Information

The table below sets out selected quarterly information for the Company:

(\$000's)	Three months ended March 31,		Variance
	2011	2010	
	Total	Total	
Revenue	\$ 1,252	\$ 1,416	\$ (164)
Compensation and related benefits	922	1,184	(262)
Telecommunication and data-feed services	951	1,105	(154)
Administrative and Other	1,184	1,002	182
Expenses	3,057	3,291	(234)
Loss before	(1,805)	(1,875)	70
Foreign exchange loss	32	208	(176)
Interest expense	1	1	-
Interest income	-	(2)	2
	33	207	(178)
Loss before discontinued operations	(1,838)	(2,082)	244
Loss from discontinued operations	(202)	(190)	(12)
Loss for the period	\$ (2,040)	\$ (2,272)	232
Total assets	14,424	21,166	(6,742)
Total liabilities	5,238	5,211	27

The table above sets out consolidated financial information of the Company for the periods indicated. Each investor should read the information in conjunction with those financial statements and related notes. The selected financial information for the quarterly periods for 2011 and 2010 has been prepared in accordance with IFRS. The operating results are not necessarily indicative of results for any future period. The selected financial information for 2011 and 2010 has been derived from the unaudited condensed interim consolidated financial statements.

Results of Operations

Revenue from Continuing Operations

Total revenue from continuing operations decreased by 12% from \$1.4 million in the first quarter of 2010 to \$1.3 million in the first quarter of 2011. In the first quarter of 2011, and the same year-ago quarter the Company generated all its revenue from continuing operations in Canada.

The Company's revenue is driven by subscription license fees which is based on customers paying a fixed monthly or a variable related fee for use of the Frontline's trading systems and connectivity to the Frontline's network on a per terminal or other contracted basis. Revenue from these license fees decreased by 13% in the first quarter of 2011 to \$1.0 million from \$1.2 million in the first quarter of 2010. This decrease resulted from price adjustments and from the cancellation of terminals by customers either downsizing their trading desks or implementing alternative solutions. There was also a shift of certain fixed based revenues to variable based revenues as the Company transitions certain customers to a transaction based model.

The Company also generates other revenue which includes revenue from information distribution, software development fees, installation fees and recovery of telecommunication charges. In the first quarter of 2011 this revenue decreased by 6% to \$240,000 from \$256,000 in the first quarter of 2010. The decrease related mainly to lower information distribution revenues and lower recovery of telecommunication charges.

Expenses from Continuing Operations

Compensation and Related Benefits

Compensation and related benefits comprise the payroll cost, incentive compensation to employees and any stock-based compensation related to the grant of stock options to employees and directors.

Compensation and related benefits from continuing operations decreased by 22% to \$922,000 for the quarter ended March 31, 2011 from \$1.2 million for the quarter ended March 31, 2010. The decrease can be attributed to a decrease in the average headcount. The average headcount was reduced from 44 employees in the first quarter of 2010 to 36 employees in the first quarter of 2011.

Telecommunication and Datafeed Services

Telecommunication services comprised of the cost of the communication lines to connect the Company's customers and offices to each other and to the various exchanges, ECN's and datafeed suppliers. Datafeed service costs are comprised of the cost of receiving datafeeds from the various exchanges and other providers to redistribute to the Company's customers.

Telecommunication and datafeed services from continuing operations decreased by 14% to \$951,000 for the first quarter ended March 31, 2011 from \$1.1 million for the same year-ago quarter. Approximately \$51,000 of the decrease resulted from a decrease in customer connections, \$43,000 of the decrease relates to market data feed reductions and \$59,000 of the decrease relates to a reduction of interoffice, and internet connections.

Administrative and Other Expenses

Administrative and other expenses consist of the Company's occupancy costs, professional fees for legal and audit services, insurance costs, other office and general expenses, depreciation of property and equipment and amortization of intangible assets.

Administrative and other expenses from continuing operations increased by 18% to \$1.2 million for the first quarter ended March 31, 2011 from \$1.0 million for the same year-ago quarter. The increase is mainly attributable to an increase in professional fees of \$408,000 which was offset by a decrease of \$58,000 in occupancy costs and a decrease of \$149,000 in depreciation expense as equipment become fully amortized.

Foreign Exchange Loss

The Company incurred a foreign exchange loss of \$32,000 in the first quarter of 2011 compared to a loss of \$208,000 in the same year-ago quarter. The foreign exchange loss arises from translating U.S. denominated assets and reflects the strengthening of the Canadian dollar against the U.S. dollar during the period.

Loss from continuing operations

The net loss from continuing operations for the first quarter ended March 31, 2011 was \$1.8 million as compared to a net loss of \$2.1 million for the same year-ago quarter. Continuing operations basic and diluted loss per share for the quarter ended March 31, 2011, decreased to (\$0.13) per share from a diluted loss of (\$0.14) per share for the same year-ago quarter.

Discontinued Operations

Results of discontinued operations include the results of EBS and RCS. The net loss from discontinued operations for the first quarter ended March 31, 2011 was \$202,000 as compared to a net loss of \$190,000 for the same year-ago quarter.

Summary of Quarterly Results

The table below sets forth selected financial data for the most recent eight quarters ending March 31, 2011. The financial data is derived from the Company's unaudited condensed interim financial statements as follows:

(Unaudited) (\$000's except per share amounts)	2011 IFRS	2010 IFRS				2009 Canadian GAAP		
	Q1 11	Q4 10	Q3 10	Q2 10	Q1 10	Q4 09	Q3 09	Q2 09
	(a)	(a)	(a)	(a)	(a)	(b)	(b)	(b)
Revenue	1,252	1,313	1,259	1,383	1,416	1,561	1,525	1,749
Operating Expenses								
Compensation and related benefits	922	949	931	781	1,184	1,334	1,442	1,469
Telecommunication and datafeed services	951	964	1,010	1,007	1,105	1,180	1,206	1,401
Administrative and other	1,184	919	922	943	1,002	1,398	1,199	1,243
	3,057	2,832	2,863	2,731	3,291	3,912	3,847	4,113
Loss before the undernoted	(1,805)	(1,519)	(1,604)	(1,348)	(1,875)	(2,351)	(2,322)	(2,364)
Restructuring charges	-			-	-	776		
Government assistance	-			-	-	1,390		
Impairment of goodwill and intangible assets	-					765		
Foreign exchange loss (gain)	32	114	58	(156)	208	(85)	(546)	(1,065)
Strategic process								
Interest expense	1	3			1	3		
Interest income	-	-		-	(2)	(4)	(4)	
	33	117	58	(156)	207	2,845	(550)	(1,065)
Loss before taxes	\$ (1,838)	\$ (1,636)	\$ (1,662)	\$ (1,192)	\$ (2,082)	\$ (5,196)	\$ (1,772)	\$ (1,299)
Provision for (recovery of) income taxes								
Current	-					149	-	
Deferred	-					4,304	(406)	(358)
	-					4,453	(406)	(358)
Loss from continuing operations	\$ (1,838)	\$ (1,636)	\$ (1,662)	\$ (1,192)	\$ (2,082)	\$ (9,649)	\$ (1,366)	\$ (941)
Loss from discontinued operations	\$ 202	\$ 175	\$ 97	\$ 2	\$ 190	\$ 1,252	\$ 984	\$ 464
Loss for the period	\$ (2,040)	\$ (1,811)	\$ (1,759)	\$ (1,194)	\$ (2,272)	\$ (10,901)	\$ (2,350)	\$ (1,405)

Loss per share:

Basic & diluted \$ (0.14) \$ (0.12) \$ (0.12) \$ (0.08) \$ (0.15) \$ (0.74) \$ (0.16) \$ (0.09)

(a) Prepared under IFRS

(b) Prepared under Canadian GAAP

Quarterly results are impacted by the amount of subscription based revenue generated. Subscription based revenue has trended lower over the trailing eight (8) quarters as a result of customer cancellations either as a result of cost cutting measures or the implementation of alternative solutions.

During the fourth quarter of 2009, the Company conducted goodwill and intangibles asset impairment tests. As the impairment tests indicated that the carrying value of the goodwill and intangibles exceeded their fair value, and due to continued difficult market conditions, we recorded an impairment charge. The Company also recorded a write-down of our Canadian federal investment tax and provincial corporate minimum tax credits. Given the uncertainty of the timing of a return to profitability, it was not more likely than not that the Company would realize the benefit of the tax credits carried forward. Additionally, a future tax expense of was recorded for the year related to valuation allowances against tax assets.

Transactions with Related Parties

During the first quarter of 2011, the Company's subsidiary, Electronic Brokerage Systems, LLC, paid seat lease expenses at market rates of nil (period ended March 31, 2010 - \$8,000) and paid for execution services in the amount of nil (period ended March 31, 2010 - \$41,000) to a company controlled by the former president of Electronic Brokerage Systems, LLC. In addition, Electronic Brokerage Systems, LLC recorded transaction fee revenues of approximately \$76,000 from the same company for the period ended March 31, 2011 (period ended March 31, 2010 - \$4,000).

Liquidity and Capital Resources

The Company has incurred significant operating losses and negative cash flows from operations in recent years. Specifically, in the first quarter ending March 31, 2011 the Company incurred a loss of \$2.0 million and in 2010 the Company incurred a loss of \$7.0 million. The Company has available cash of \$6.5 million. Cash outflow from operating activities was \$1.6 million and during the quarter ended March 31, 2011, revenue from continuing operations funded approximately 41 percent of operating costs and in the first quarter ending March 31, 2011 and in the same year-ago quarter revenue funded 43 percent of operating costs.

The continuation of the Company as a going concern is dependent on management's ability to improve operating results. During the first quarter ended March 31, 2011 the Company announced it is executing a plan in 2011 to refer its list of U.S. execution clients to ConvergEx. The migration of RCS' clients to ConvergEx is complete and the Company has not received any payments. Additionally, subsequent to March 31, 2011, the Company completed the acquisition of Frontline Technologies Corporation and expects to realize the benefit of synergies related to network infrastructure in the third quarter of 2011.

Financial Position

At March 31, 2010, the Company had cash and cash equivalents of \$6.5 million and working capital of \$8.3 million compared to cash and cash equivalents of \$8.3 million and working capital of \$10.3 million at December 31, 2010. The total net cash outflow for the first quarter ended March 31, 2011 was \$1.8 million as compared to a net cash outflow of \$4.9 million in the same year ago quarter.

Operating Activities

The Company utilized cash flow from continuing operations of approximately \$1.6 million for the quarter ended March 31, 2011, as compared to utilizing \$2.3 million of cash from continuing operations for the quarter ended March 31, 2010. The year-over-year increase in cash flow generated by operations is mainly attributable to changes in non-cash operating working capital. Net cash flows from non-cash operating working capital increased by \$772,000 year-over-year mainly from a favourable change in accounts payable and prepaid expenses.

Financing Activities

The Company utilized nil of cash for financing activities in the quarter ended March 31, 2011 as compared to utilizing \$67,000 of cash for financing activities in the quarter ended March 31, 2010. Financing activities in the quarter ended March 31, 2010 can be attributed to the repurchase of common shares under a Normal Course Issuer Bid ("NCIB").

Investing Activities

The Company utilized \$227,000 of cash for investing activities in the quarter ended March 31, 2011 as compared to utilizing \$88,000 of cash for investing activities in the quarter ended March 31, 2010. Investing activities in the quarter ended March 31, 2011 and the same year ago quarter relate to the purchase of equipment to support customer trading activities.

Liquidity and Sources of Financing

The Company's subsidiary, Electronic Brokerage Systems, LLC, which has been classified as a discontinued operation, has a secured credit facility of US\$25.0 million that may only be utilized to facilitate clearing and settlement activities. The facility, when utilized, is collateralized by marketable securities ("the pledged securities") that are held at the Depository and Trust Company ("DTC") as a result of a clearing break. There were no amounts outstanding under this facility at March 31, 2011.

Electronic Brokerage Systems, LLC, is required by the Securities Exchange Commission ("SEC") and the Options Clearing Corporation ("OCC") to maintain specific levels of net capital (refer to financial position above) defined as assets minus liabilities less deductions for certain types of assets. Any changes in such net capital rules or the maintenance of the existing levels of net capital or any additional fund deposits required by the OCC as a result of the growth in the Company's options business may restrict the Company's ability to withdraw capital from its brokerage subsidiary to fund its working capital requirements.

The Company is dependent upon Electronic Brokerage Systems, LLC to fund a certain portion of its working capital requirements and to fund a certain amount of its capital asset expenditures.

The Company may be required to raise additional capital in the next twelve (12) months to fund its operations if its ability to withdraw capital from its brokerage subsidiaries becomes restricted due to continuing losses.

Commitments and Contractual Obligations

These items are substantially unchanged from those disclosed in Company's annual MD&A for the year ended December 31, 2010.

Off-Balance Sheet Arrangements

The Company does not enter into off-balance sheet financing as a matter of practice except for the use of operating leases for office space and certain nominal equipment. In accordance with GAAP, neither the lease liability nor the underlying asset is carried on the balance sheet, as the terms of the leases do not meet the criteria for capitalization.

The Company typically agrees in its sales contracts to indemnify its customers for any expenses or liability resulting from claimed infringements of patents, trademarks or copyrights of third parties. The term of these indemnification agreements are generally perpetual any time after execution of the

agreement. The maximum amount of potential future indemnification is generally limited as specified on a contract-by-contract basis. To date, the Company has not paid any amounts to settle claims or defend lawsuits.

Future Accounting Changes

IFRS 9, 'Financial Instruments' was issued in November 2009 as the first step in its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. IFRS introduces new requirements for classifying and measuring financial assets that must be applied starting January 1, 2013, with early adoption permitted. The IASB intends to expand IFRS during the intervening period to add new requirements for classifying and measuring financial liabilities, de-recognition of financial instruments, impairment and hedge accounting. The Company is currently assessing the impact of this standard.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board confirmed that IFRS will be used for interim and annual financial statements of publicly accountable enterprises effective for fiscal years beginning on or after January 1, 2011. Accordingly, the Company has commenced reporting on an IFRS basis in the current interim financial statements. Comparative information for periods from January 1, 2010 onwards has been restated in accordance with IFRS.

Key IFRS dates

January 1, 2010 (transition date): An opening consolidated balance sheet as of January 1, 2010 according to IFRS has been prepared to facilitate the changeover to IFRS reporting in 2011. Previously, the Company reported its fiscal 2010 and comparative 2009 results according to Canadian GAAP.

January 1, 2011 (changeover date): The date after which the Company will prepare and report interim and annual 2011 financial statements with 2010 comparatives according to IFRS.

IFRS Conversion

The Company's IFRS conversion plan addressed matters including changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. To facilitate this process and ensure the full impact of the version was understood and managed reasonably, the Company had consultations with its auditors.

The Company has also reviewed its accounting system and current internal and disclosure control processes and concluded they will not need significant modification as a result of our conversion to IFRS.

Impact of IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP; however, significant differences exist in certain matters of recognition, measurement and disclosure. While the adoption of IFRS did not change the actual cash flows of the Company, the adoption results in changes to the reported financial position and results of operations of the Company. In order to allow the users of financial statements to better understand these changes, we have provided the reconciliation between Canadian GAAP and IFRS for these financial statements in Note 12 to the condensed interim consolidated financial statements. The adoption of IFRS has had no significant impact on the net cash flows of the Company.

In preparing the reconciliations, the Company applied the principles and elections of IFRS 1, with a transition date of January 1, 2010.

There can be no guarantee that the International Accounting Standards Board will not make further pronouncements, and that the Canadian Accounting Standards Board will also not adopt further pronouncements, before the consolidated financial statements as at December 31, 2011, are prepared. Consequently, there can be no guarantee that the standards used to prepare the condensed interim financial statements for the period ended March 31, 2011 will not differ from those used to prepare the consolidated financial statements for the year ended December 31, 2011.

Initial Adoption of International Accounting Standards

IFRS 1 "First Time Adoption of International Accounting Standards" sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional date of the statement of financial position with all adjustments to assets and liabilities as stated under GAAP taken to retained earnings unless certain exemptions are applied. The Company has taken the following exemptions:

(i) Business combinations:

IFRS 1 provides the option to apply IFRS 3, Business Combinations ("IFRS 3"), retrospectively or prospectively from the transition date. The retrospective basis would require restatement of all business combinations that occurred prior to the transition date. The Company has elected not to apply IFRS 3 retrospectively to business combinations that occurred prior to the transition date and such business combinations are not restated. As a result of applying this exemption, except as required under IFRS 1, any goodwill arising on such business combinations before the transition date has not been adjusted from the carrying value previously determined under previous GAAP.

(ii) Fair value as deemed cost:

IFRS 1 permits measuring, at the date of transition, an item of property and equipment or intangible assets that meet the criteria specified in IAS 38, Intangible Assets, at either its fair value at the transition date and using those amounts as deemed cost, or using the historical valuation under previous Canadian GAAP. The Company applied the historical cost model to property and equipment and intangible assets and did not restate to fair value under IFRS. The Company used the historical basis under previous Canadian GAAP as the deemed cost under IFRS at transition date.

(iii) Cumulative Translation Account ("CTA"):

IFRS 1 provides the option to elect translation gains or losses in accumulated other comprehensive loss to be reclassified to retained earnings. The Company has reset the current CTA balance to zero as at January 1, 2010.

(iv) Stock-based compensation transactions:

IFRS 1 does not require first-time adopters to apply the requirements of IFRS 2, Share-Based Payment ("IFRS 2"), to equity instruments that were granted on or prior to November 7, 2002 or to equity instruments that were granted after November 7, 2002 and vested before the date of transition to IFRS. The Company has elected not to apply IFRS 2 to stock options issued on or prior to November 7, 2002 nor to liabilities arising from share-based payment transactions that were settled prior to the date of transition to IFRS.

The most significant impacts of IFRS upon conversion were within the areas of share-based payments, and foreign currency translation.

The quantitative effects and adjustments required to Company's equity and statement of financial position as a result of the transition to IFRS are included in note 12 of the condensed interim consolidated financial statements.

Changes in Accounting Policies and Presentation

Included in Note 2 to the unaudited condensed interim consolidated financial statements are disclosures related to the basis of preparation of our first unaudited condensed interim consolidated financial statements as prepared under IFRS.

Under IFRS, the concept of an integrated or self-sustaining foreign operation does not exist as it does under Canadian GAAP. Under Canadian GAAP, the Company's United States operations are considered to be integrated foreign operations resulting in historical foreign exchange rates used to translate non-monetary assets and liabilities. Under IFRS, these operations were determined to be U.S. dollar functional currency and will be translated using period-end exchange rates and any exchange gains or losses will be included with other comprehensive loss.

Comparative Information

The Company has restated all prior period figures in accordance with IFRS, except as noted.

Risks and Uncertainties

The primary risks affecting the Company are substantially unchanged from those discussed in the Company's annual MD&A for the year ended December 31, 2010.

Customer Dependence

The Company is dependent on a limited number of customers for a substantial amount of its revenue for its continuing operations. The loss of a significant customer would have a material adverse effect on revenue and results of operations. For the three months ended March 31, 2011, three customers accounted for approximately 45% of revenue (three months March 31, 2010, three customers for approximately 39%). The dependence on a limited number of customers for a substantial amount of our revenue could lead to fluctuations in our operating results.

Outstanding Share Data

Set out below is the outstanding share data for the Company as at June 14, 2011.

Common Shares	14,637,863
Class A Restricted Shares ^(a)	7,881,926
Options to Purchase Common Shares:	
Issued and Outstanding	1,273,000

^(a) Subsequent to March 31, 2011, on April 13, 2011 the Company issued 7,881,926 Restricted Class A shares as equity consideration for the Frontline Transaction.

Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chairman and Chief Executive Officer (CEO) and the Chief Financial Officer (CFO), on a timely basis so that appropriate decisions can be made regarding public disclosure. As at March 31, 2011, Frontline's management, with the participation of the CEO and the CFO, evaluated the effectiveness of Frontline's disclosure controls and procedures as defined in Multilateral Instrument 52-109 of the Canadian Securities Administrators and concluded that such controls and procedures were effective.

Managements Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for internal purposes in accordance with IFRS.

There were no changes over the Company's internal controls over financial reporting during the period ended March 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Additional Information

Additional information, including the quarterly and annual consolidated financial statements, annual information form, management proxy circular and other disclosure documents may be examined by accessing the SEDAR website at www.sedar.com.