



Pason Reports First Quarter 2015 Results

FOR IMMEDIATE RELEASE

CALGARY, Alberta (May 5, 2015) – Pason Systems Inc. (TSX:PSI) announced today its 2015 first quarter results.

Performance Data

Three Months Ended March 31,	2015	2014	Change
(CDN 000s, except per share data)	(\$)	(\$)	(%)
Revenue	99,402	123,174	(19)
Income	14,191	20,821	(32)
Per share – basic	0.17	0.25	(32)
Per share – diluted	0.17	0.25	(32)
EBITDA ⁽¹⁾	44,126	70,469	(37)
As a % of revenue	44.4	57.2	(22)
Funds flow from operations	43,262	56,311	(23)
Per share – basic	0.52	0.68	(24)
Per share – diluted	0.52	0.67	(22)
Cash from operating activities	71,533	64,385	11
Free cash flow ⁽¹⁾	48,219	47,962	1
Per share – basic	0.58	0.58	—
Per share – diluted	0.58	0.57	2
Capital expenditures	23,513	16,509	42
Working capital	236,446	152,227	55
Total assets	592,223	493,291	20
Total long-term debt	—	—	—
Cash dividends declared	0.17	0.15	13
Shares outstanding end of period (#)	83,559	82,422	1

(1) Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Q1 2015 vs Q1 2014

The Company generated consolidated revenue of \$99.4 million in the first quarter of 2015, down 19% from \$123.2 million in the same period of 2014. The slowdown in oil and gas drilling activity, combined with a reduction in product adoption on certain products and pricing pressure from customers contributed to the decrease in revenue, which was partially offset by the strengthening of the US dollar relative to the Canadian dollar.

Consolidated EBITDA was \$44.1 million in the first quarter, a decrease of \$26.3 million from the first quarter of 2014.



Press Release

Net income decreased by \$6.6 million to \$14.2 million (\$0.17 per share) in the first quarter of 2015 from net income of \$20.8 million (\$0.25 per share) in the prior year period.

President's Message

It didn't seem that extraordinary at the time but, looking back, it is clear that 2014 was a fantastic year for the oilfield services industry and for Pason in particular. The great run ended in the fourth quarter, when oil prices finished the year at half of previous levels - a process that began in July of 2014. By December, active US rig counts started to decline and customers began to seek price reductions from service providers.

The declines in drilling activity across North America during the first quarter of 2015 were steeper than most people expected. Last week, the US land rig count stood at 932, down 50% from the recent peak in the fourth quarter of 2014. In Canada, after winter drilling breakup, there were 79 active rigs, 53% lower than one year ago. In addition, we are experiencing significant pressure on pricing and on the use of peripheral products. In short, this is a very challenging environment for the industry and for Pason.

In response to these challenges, we have lowered our capital program for 2015 to \$65 million (from \$121 million in 2014), reduced our staffing levels by 5% and cut back on discretionary spending. We are closely monitoring current activity and, more importantly, the industry outlook for 2016 to determine if and when further operating cost and capital expenditure reductions may be required.

That said, we continue to invest significantly in future growth so we will be well positioned to capture opportunities presented by the eventual turnaround. This includes investments in new product development (both hardware and software, catering to the needs of E&P companies, drilling contractors and other service providers), service capabilities, sales and marketing skills, and in infrastructure and systems.

Pason's operational and financial performance in the first quarter of 2015 is a reflection of the steep decline in US drilling activity throughout the period, a very short Canadian drilling season, and widely varying conditions in international markets. Revenue for the quarter was \$99 million, down 19% from the first quarter of 2014. The slowdown in industry activity, combined with a decline in product adoption and pricing pressure from customers, contributed to the decrease in revenue. This was partially offset by the strengthening of the US dollar relative to the Canadian dollar. About 21% of the revenue decline was offset by exchange rate movements. EBITDA was \$44 million, a decline of 37% from 2014 levels, driven by fixed costs in the business. Income was down 32% to \$14 million, or \$0.17 per share, respectively. Free cash flow (defined as cash from operating activities less capital expenditures, net of disposals, and deferred development costs) was essentially unchanged from the same period in the previous year at \$48 million including a \$29 million recovery of working capital in the quarter.

First quarter operating profit for the United States was \$23 million (\$33 million in corresponding period of 2014), \$11 million in Canada (\$30 million in 2014), and \$2 million in our International business unit (\$3 million in the first quarter of 2014). Pason's business in Argentina demonstrated very strong performance

during the first quarter and our joint venture in Saudi Arabia is gaining traction. A detailed look at first quarter performance by region and product category is laid out in the Management's Discussion and Analysis section of this quarterly report.

On March 31, 2015, our cash position stood at \$192 million and working capital at \$236 million. There is no debt on the balance sheet. We are maintaining our quarterly dividend at \$0.17 per share.

With our excellent product suite, distinctive service model, technical capabilities and pristine balance sheet, Pason is well positioned to utilize this downturn to maximum effect and emerge even stronger.



Marcel Kessler
President and Chief Executive Officer
May 5, 2015

Management's Discussion and Analysis

The following discussion and analysis has been prepared by management as of May 5, 2015, and is a review of the financial condition and results of operations of Pason Systems Inc. (Pason or the Company) based on International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements and accompanying notes.

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

All financial measures presented in this report are expressed in Canadian dollars unless otherwise indicated.

Additional IFRS Measures

In its interim condensed consolidated financial statements, the Corporation uses certain additional IFRS measures. Management believes these measures provide useful supplemental information to readers.

Funds flow from operations

Management believes that funds flow from operations, as reported in the Consolidated Statements of Cash Flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds flow from operations represents the cash flow from continuing operations, excluding non-cash items. Funds flow from operations is defined as net income adjusted for depreciation and amortization expense, non-cash stock-based compensation expense, deferred taxes, and other non-cash items impacting operations.

Cash from operating activities

Cash from operating activities is defined as funds flow from operations adjusted for changes in working capital items.

Non-IFRS Financial Measures

These definitions are not recognized measures under IFRS, and accordingly, may not be comparable to measures used by other companies. These Non-IFRS measures provide readers with additional information regarding the Company's ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and pay dividends.

EBITDA

EBITDA is defined as net income before interest expense, income taxes, stock-based compensation expense, depreciation and amortization expense and gains on disposal of investments.

Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant and equipment, less capital expenditures and deferred development costs.

Overall Performance

Three Months Ended March 31,	2015	2014	Change
(000s)	(\$)	(\$)	(%)
Revenue			
Electronic Drilling Recorder	41,401	53,515	(23)
Pit Volume Totalizer/ePVT	14,167	18,641	(24)
Communications	9,963	10,155	(2)
Software	6,679	8,710	(23)
AutoDriller	7,606	11,479	(34)
Gas Analyzer	7,681	10,050	(24)
Other	11,905	10,624	12
Total revenue	99,402	123,174	(19)

Electronic Drilling Recorder (EDR) and Pit Volume Totalizer (PVT) rental day performance for Canada and the United States is reported below:

Canada			
Three Months Ended March 31,	2015	2014	Change
	#	#	(%)
EDR rental days	26,200	42,700	(39)
PVT rental days	24,800	41,300	(40)

United States			
Three Months Ended March 31,	2015	2014	Change
	#	#	(%)
EDR rental days	66,000	89,100	(26)
PVT rental days	51,900	68,300	(24)

Electronic Drilling Recorder

The Pason EDR remains the Company's primary product. The EDR provides a complete system of drilling data acquisition, data networking, and drilling management tools and reports at both the wellsite and customer offices. The EDR is the base product from which all other wellsite instrumentation products are linked. By linking these products, a number of otherwise redundant elements such as data processing, display, storage, and networking are eliminated. This ensures greater reliability and a more robust system of instrumentation for the customer. Revenue generated from the EDR decreased 23% for the first quarter of 2015 compared to the same period in 2014. This decrease is attributable to the industry slowdown, lower product adoption of certain peripheral devices, and pricing pressures from customers which were offset by a strengthening US dollar relative to the Canadian dollar and the continued acceptance of the Company's Rig Display. Industry activity in the US market decreased 22% in the first quarter of 2015, while first quarter Canadian rig activity decreased 43% compared to the same period in 2014. Canadian EDR days decreased 39% in the first quarter of 2015, while US EDR days decreased by 26% for the first quarter of 2015.

In the first quarter, the Pason EDR was installed on 99% of all active land rigs in Canada and 55% of the land rigs in the US, compared to 95% and 58% respectively in the first quarter of 2014.

In its International business unit, the Company continues to increase EDR days in both Mexico and Argentina compared to the first quarter of 2014.

Pit Volume Totalizer/ePVT

The PVT is Pason's proprietary solution for the detection and early warning of "kicks" that are caused by hydrocarbons entering the wellbore under high pressure and expanding as they migrate to the surface. PVT revenue for the first three months of 2015 was impacted by the decline in rig count activity, offset partially with continued customer adoption of the new ePVT. During the first three months of 2015, the PVT was installed on 95% of rigs with a Pason EDR in Canada and 79% in the US, compared to 98% and 77% respectively, in the same period of 2014.

Communications

Pason's Communications revenue is derived from the provision of communications services including the provision of bandwidth through the Company's automatically-aiming satellite system and terrestrial networks. This system provides reliable high-speed wellsite communications for email and web application management tools. Pason displays all data in standard forms on its DataHub web application, although if customers require greater analysis or desire to have the information transferred to another supplier's database, data is available for export from the Pason DataHub using WITSML (a specification for transferring data among oilfield service companies, drilling contractors, and operators). The Company complements its satellite equipment with High Speed Packet Access (HSPA), a high-speed wireless ground system which provides automatic fail-over between satellite and terrestrial networks to achieve greater reliability in its service offering.

Communications revenue decreased by 2% in the first three months of 2015 compared to the same period in 2014 due to the industry slowdown, offset by both the increased usage of the Company's premium product offerings in the Canadian and US markets, and the strengthening of the US dollar relative to the Canadian dollar.

Software

The Pason DataHub is the Company's data management system that collects, stores, and displays drilling data, reports, and real-time information from drilling operations. The DataHub provides access to data through a number of innovative applications or services, including:

- Live Rig View (LRV), which provides advanced data viewing, directional drilling, and 3D visualization of drilling data in real time via a web browser.
- LRV Mobile, which allows users to access their data on mobile devices, including iPhone, iPad, BlackBerry, and Android.
- WITSML, which provides seamless data sharing with third-party applications, enhancing the value of data hosted by Pason.

- Additional specialized software, including remote directional.

During the first three months of 2015, 95% of the Company's Canadian customers and 87% of customers in the US were using all or a portion of the functionality of the DataHub, compared to 96% and 91% respectively in the first quarter of 2014.

AutoDriller

Pason's AutoDriller is used to maintain constant weight on the drill bit while a well is being drilled. During the three months ended March 31, 2015, the AutoDriller was installed on 65% of Canadian and 37% of US land rigs operating with a Pason EDR system, compared to 75% and 45%, respectively, in 2014.

Gas Analyzer

The Pason Gas Analyzer measures the total hydrocarbon gases (C1 through C4) exiting the wellbore, and then calculates the lag time to show the formation depth where the gases were produced. The Gas Analyzer provides information about the composition of the gas, and further calculates geologic ratios from the gas composition to assist in indicating the type of gas, natural gas liquid, or oil in the formation. During the first three months of 2015, the Gas Analyzer was installed on 58% of Canadian and 28% of US land rigs operating with a Pason EDR system, compared to 59% and 23% for the Canadian and US segments respectively in the prior year period.

Other

Other is comprised mostly of the rental of service rig recorders in Latin America, the Electronic Choke Actuator, Hazardous Gas Alarm products, Mobilization revenue, sales of sensors and other systems sold by 3PS, and spare parts sold by Pason Offshore. The increase in Other is due mostly to increased mobilization revenue in the US.

Discussion of Operations

United States Operations

Three Months Ended March 31,	2015	2014	Change
(000s)	(\$)	(\$)	(%)
Revenue			
Electronic Drilling Recorder	25,832	30,453	(15)
Pit Volume Totalizer/ePVT	8,036	9,393	(14)
Communications	4,598	3,782	22
Software	4,206	5,049	(17)
AutoDriller	3,722	5,498	(32)
Gas Analyzer	3,604	3,630	(1)
Other	7,517	6,327	19
Total revenue	57,515	64,132	(10)
Operating costs	24,975	23,147	8
Depreciation and amortization	9,758	7,560	29
Segment operating profit	22,782	33,425	(32)

Three Months Ended March 31,	2015		2014	
	USD	CAD	USD	CAD
	\$	\$	\$	\$
Revenue per EDR day	672	834	628	691
Revenue per industry day	371	461	367	404

US segment revenue decreased by 10% in the first quarter over the 2014 comparable period (21% decrease when measured in USD).

Industry activity in the US market during the first quarter of 2015 decreased 22% from the prior year while revenue from the rental of instrumentation decreased by 11% for the quarter over 2014 levels (21% decrease when measured in USD). EDR rental days decreased by 26% for the three months ended March 31, 2015 over the same time period in 2014, while revenue per EDR day in the first quarter of 2015 increased to US\$672, an increase of US\$44 over the same period in 2014.

The decrease in industry activity, combined with pricing pressure from customers and lower product adoption on certain products accounted for the drop in revenue in the first quarter. This decrease was offset by the favourable movement in the USD/CAD exchange rate, increases in Communications revenue as customers continue to upgrade to premium communication services and Other revenue, most notably, mobilization revenue. US market share was 55% during the three months ended March 31, 2015, down from 58% in the same period of 2014.

Operating costs increased by 8% in the first quarter relative to the same period in the prior year primarily due to the appreciation of the US dollar relative to the Canadian dollar. When measured in USD, operating costs decreased 4% from 2014 levels.

Depreciation expense has increased 29% over the first three months of 2014 due to the rollout of the Company's new Versatile Services Platform (VSP) servers, capital equipment associated with the commercialization of the ePVT, including the continued roll-out of the Rig Display, and the upgrade program in the Company's fleet of workstations, all of which occurred during the latter half of 2014.

Segment profit, as a percentage of revenue, was 40% for the first quarter of 2015 compared to 52% for the corresponding period in 2014, a decrease of \$10.6 million.

Canadian Operations

Three Months Ended March 31,	2015	2014	Change
(000s)	(\$)	(\$)	(%)
Revenue			
Electronic Drilling Recorder	10,674	18,438	(42)
Pit Volume Totalizer/ePVT	4,553	7,447	(39)
Communications	4,793	5,994	(20)
Software	2,308	3,502	(34)
AutoDriller	2,497	4,816	(48)
Gas Analyzer	3,098	5,245	(41)
Other	1,436	2,419	(41)
Total revenue	29,359	47,861	(39)
Operating costs	8,905	10,923	(18)
Depreciation and amortization	9,629	6,479	49
Segment operating profit	10,825	30,459	(64)

Three Months Ended March 31,	2015	2014
	CAD	CAD
	\$	\$
Revenue per EDR day	1,112	1,114
Revenue per industry day	1,153	1,062

Canadian segment revenue decreased by 39% for the quarter ended March 31, 2015 compared to the same period in 2014. This drop is the result of a 43% decrease in the number of drilling industry days in the first quarter compared to 2014 levels, pricing pressures from customers, lower product adoption and an earlier than anticipated spring break-up. EDR rental days decreased 39% in the first quarter compared to 2014.

The factors above combined to result in a decrease in revenue per EDR day of \$2 to \$1,112 during the first quarter of 2015 compared to 2014. Lower product adoption on some products was offset by customers continuing to upgrade to premium communication services.

Operating costs decreased by 18% in the first quarter of 2015 relative to the same period in 2014, primarily due to a decrease in activity levels.

Depreciation has increased 49% over the first three months of 2014 due to the Company's 2014 capital expenditure program that was explained above in the United States operations update.

Segment operating profit of \$10.8 million is a decrease of 64% over the prior year.

International Operations

Three Months Ended March 31,	2015	2014	Change
(000s)	(\$)	(\$)	(%)
Revenue			
Electronic Drilling Recorder	4,895	4,624	6
Pit Volume Totalizer/ePVT	1,578	1,801	(12)
Communications	572	379	51
Software	165	159	4
AutoDriller	1,387	1,165	19
Gas Analyzer	979	1,175	(17)
Other	2,952	1,878	57
Total revenue	12,528	11,181	12
Operating costs	8,532	6,491	31
Depreciation and amortization	2,335	1,703	37
Segment operating profit	1,661	2,987	(44)

Revenue in the International operations segment increased 12% in the first quarter of 2015 compared to the same period in 2014.

Operating profit decreased by \$1.3 million for the first quarter of 2015 over 2014, a decrease of 44%.

A number of factors influenced these results:

- Latin America revenue increased 38% in the first quarter compared to the prior year as the Company saw increased activity in Argentina, Brazil and Mexico.
- Operating costs increased due in most part to the increased drilling activity in Argentina combined with an increase in equipment importation costs for Argentina.
- Australia revenue decreased 19% for the three month period ended March 31, 2015, as drilling activity decreased 38% in the region.

Corporate Expenses

Three Months Ended March 31,	2015	2014	Change
(000s)	(\$)	(\$)	(%)
Other expenses			
Research and development	9,330	7,658	22
Corporate services	5,186	4,476	16
Stock-based compensation	(1,775)	17,668	—
Other			
Foreign exchange gain	(2,447)	(450)	444
Gain on sale of investment	(2,290)	—	—
Other	795	460	73
Total corporate expenses	8,799	29,812	(70)

During the first quarter of 2015, the Company disposed of its investment in a small privately held company and realized a gain of \$2,290.

Q1 2015 vs Q4 2014

The first quarter of the year is typically the strongest for Pason due to the seasonality of Canadian drilling activity, however this did not hold true in 2015 due to an overall industry slowdown, pricing pressures from customers and an earlier than normal spring break-up period. Consolidated revenue was \$99.4 million in the first quarter of 2015 compared to \$138.2 million in the fourth quarter of 2014, a decrease of \$38.8 million or 28%. The Canadian segment earned revenue of \$29.4 million in the first quarter as compared to \$40.3 million in the fourth quarter of 2014, a decrease of \$10.9 million. Revenue in the US market decreased by \$25.6 million while the International segment experienced a revenue decrease of \$2.3 million.

Sequentially, EBITDA decreased 25% from \$59.1 million in the fourth quarter of 2014 to \$44.1 million in the first quarter of 2015, while funds flow from operations decreased to \$43.3 million in the first quarter from \$60.0 million in the fourth quarter of 2014.

Net income decreased by 70% to \$14.2 million (\$0.17 per share) in the first quarter of 2015 from \$47.2 million (\$0.57 per share) in the prior quarter due in most part to the industry slowdown and the large stock-based compensation recovery of \$20.6 million recorded in the fourth quarter of 2014.

First Quarter Conference Call

Pason will be conducting a conference call for interested analysts, brokers, investors and media representatives to review its first quarter 2015 results at 9:00 am (Calgary time) on Wednesday May 6, 2015. The conference call dial-in number is 1-888-231-8191 or 1-647-427-7450. You can access the seven-day replay by dialing 1-855-859-2056 or 1-416-849-0833, using password 9737466.

Pason Systems Inc. is a leading global provider of specialized data management systems for drilling rigs. Our solutions, which include data acquisition, wellsite reporting, remote communications, and web-based information management, enable collaboration between the rig and the office. Pason's common shares trade on the Toronto Stock Exchange under the symbol PSI.

Additional information, including the Company's Annual Report and Annual Information Form for the year ended December 31, 2014, is available on SEDAR at www.sedar.com or on the Company's website at www.pason.com.

Annual and Special Meeting

Shareholders are also invited to attend the Company's Annual and Special Meeting on Wednesday, May 6, 2015, at 3:30 pm at the offices of Pason Systems Inc., 6120 Third Street SE, Calgary, Alberta.

Condensed Consolidated Interim Balance Sheets

As at	March 31, 2015	December 31, 2014
(CDN 000s) (unaudited)	(\$)	(\$)
Assets		
Current		
Cash and cash equivalents	191,786	144,858
Trade and other receivables	85,136	122,494
Prepaid expenses	4,733	5,811
Income taxes recoverable	413	491
Total current assets	282,068	273,654
Non-current		
Property, plant and equipment	248,799	234,344
Intangible assets and goodwill	61,356	62,068
Total non-current assets	310,155	296,412
Total assets	592,223	570,066
Liabilities and equity		
Current		
Trade payables and accruals	30,840	47,414
Income taxes payable	2,035	3,544
Stock-based compensation liability	12,747	16,125
Total current liabilities	45,622	67,083
Non-current		
Stock-based compensation liability	3,505	3,018
Deferred tax liabilities	24,832	16,442
Total non-current liabilities	28,337	19,460
Equity		
Share capital	117,611	113,827
Share-based benefits reserve	12,927	12,927
Foreign currency translation reserve	63,766	32,807
Retained earnings	323,960	323,962
Total equity	518,264	483,523
Total liabilities and equity	592,223	570,066

Condensed Consolidated Interim Statements of Operations

Three Months Ended March 31,	2015	2014
(CDN 000s, except per share data) (unaudited)	(\$)	(\$)
Revenue	99,402	123,174
Operating expenses		
Rental services	37,496	35,572
Local administration	4,916	4,989
Depreciation and amortization	21,722	15,742
	64,134	56,303
Operating profit	35,268	66,871
Other expenses		
Research and development	9,330	7,658
Corporate services	5,186	4,476
Stock-based compensation (recovery) expense	(1,775)	17,668
Other (income) expenses	(3,942)	10
	8,799	29,812
Income before income taxes	26,469	37,059
Income tax expense	12,278	16,238
Net income	14,191	20,821
Income per share		
Basic	0.17	0.25
Diluted	0.17	0.25

Condensed Consolidated Interim Statements of Other Comprehensive Income

Three Months Ended March 31,	2015	2014
(CDN 000s) (unaudited)	(\$)	(\$)
Net income	14,191	20,821
Items that may be reclassified subsequently to net income:		
Foreign currency translation adjustment	30,959	8,670
Total comprehensive income	45,150	29,491

Condensed Consolidated Interim Statements of Changes in Equity

(CDN 000s) (unaudited)	Share Capital (\$)	Share-Based Benefits Reserve (\$)	Foreign Currency Translation Reserve (\$)	Retained Earnings (\$)	Total Equity (\$)
Balance at January 1, 2014	80,725	12,927	7,958	264,859	366,469
Net Income	—	—	—	20,821	20,821
Dividends	—	—	—	(12,356)	(12,356)
Other comprehensive income	—	—	8,670	—	8,670
Exercise of stock options	7,451	—	—	—	7,451
Balance at March 31, 2014	88,176	12,927	16,628	273,324	391,055
Net income	—	—	—	91,283	91,283
Dividends	—	—	—	(40,645)	(40,645)
Other comprehensive income	—	—	16,179	—	16,179
Exercise of stock options	25,651	—	—	—	25,651
Balance at December 31, 2014	113,827	12,927	32,807	323,962	483,523
Net income	—	—	—	14,191	14,191
Dividends	—	—	—	(14,193)	(14,193)
Other comprehensive income	—	—	30,959	—	30,959
Exercise of stock options	3,784	—	—	—	3,784
Balance at March 31, 2015	117,611	12,927	63,766	323,960	518,264

Condensed Consolidated Interim Statements of Cash Flows

Three Months Ended March 31,	2015	2014
(CDN 000s) (unaudited)	(\$)	(\$)
Cash from operating activities		
Net income	14,191	20,821
Adjustment for non-cash items:		
Depreciation and amortization	21,722	15,742
Gain on sale of investment	(2,290)	—
Stock-based compensation	(1,775)	17,668
Deferred income taxes	8,022	2,657
Unrealized foreign exchange loss/(gain)	3,392	(577)
Funds flow from operations	43,262	56,311
Movements in non-cash working capital items:		
Decrease/(increase) in trade and other receivables	44,590	(9,594)
Decrease in prepaid expenses	1,261	924
Increase in income taxes	4,488	10,774
(Decrease)/increase in trade payables, accruals and stock-based compensation liability	(13,047)	5,293
Effects of exchange rate changes	(3,189)	1,778
Cash generated from operating activities	77,365	65,486
Income tax paid	(5,832)	(1,101)
Net cash from operating activities	71,533	64,385
Cash flows from (used in) financing activities		
Proceeds from issuance of common shares	2,693	3,565
Purchase of stock options	—	(2,592)
Payment of dividends	(14,193)	(11,502)
Net cash used in financing activities	(11,500)	(10,529)
Cash flows (used in) from investing activities		
Additions to property, plant and equipment	(21,435)	(14,453)
Deferred development costs	(2,078)	(2,056)
Proceeds on disposal of investment and property, plant and equipment	3,288	86
Changes in non-cash working capital	(5,127)	997
Net cash used in investing activities	(25,352)	(15,426)
Effect of exchange rate on cash and cash equivalents	12,247	1,209
Net increase in cash and cash equivalents	46,928	39,639
Cash and cash equivalents, beginning of period	144,858	89,520
Cash and cash equivalents, end of period	191,786	129,159
Cash and cash equivalents consists of:		
Cash and cash equivalents	191,786	116,803
Cash held in trust	—	12,356
Cash and cash equivalents, end of period	191,786	129,159

Operating Segments

The Company operates in three geographic segments: Canada, the United States, and International (Latin America, Offshore, the Eastern Hemisphere, and the Middle East). The amounts related to each segment are as follows:

Three Months Ended March 31, 2015	Canada	United States	International	Total
	(\$)	(\$)	(\$)	(\$)
Revenue	29,359	57,515	12,528	99,402
Operating costs	8,905	24,975	8,532	42,412
Depreciation and amortization	9,629	9,758	2,335	21,722
Segment operating profit	10,825	22,782	1,661	35,268
Research and development				9,330
Corporate services				5,186
Stock-based compensation				(1,775)
Other income				(3,942)
Income taxes				12,278
Net Income				14,191
Capital expenditures	5,924	11,822	5,767	23,513
Goodwill	—	23,474	2,600	26,074
Intangible assets	31,233	2,170	1,879	35,282
Segment assets	159,178	353,989	79,056	592,223
Segment liabilities	28,969	32,616	12,374	73,959

Three Months Ended March 31, 2014

Revenue	47,861	64,132	11,181	123,174
Operating costs	10,923	23,147	6,491	40,561
Depreciation and amortization	6,479	7,560	1,703	15,742
Segment operating profit	30,459	33,425	2,987	66,871
Research and development				7,658
Corporate services				4,476
Stock-based compensation				17,668
Other expenses				10
Income taxes				16,238
Net Income				20,821
Capital expenditures	3,913	11,018	1,578	16,509
Goodwill	—	20,457	2,600	23,057
Intangible assets	32,828	7,436	2,801	43,065
Segment assets	166,469	262,406	64,416	493,291
Segment liabilities	60,681	32,945	8,610	102,236

Other (Income) Expenses

Three Months Ended March 31,	2015	2014
	(\$)	(\$)
Foreign exchange gain	(2,447)	(450)
Gain on sale of investment	(2,290)	—
Other	795	460
Other (income) expenses	(3,942)	10

During the first quarter of 2015, the Company disposed of its investment in a small, privately held company and realized a gain of \$2,290.

Pason Systems Inc.

Pason Systems Inc. is a leading global provider of specialized data management systems for drilling rigs. Our solutions, which include data acquisition, wellsite reporting, remote communications, and web-based information management, enable collaboration between the rig and the office. Pason's common shares trade on the Toronto Stock Exchange under the symbol PSI.TO.

For more information about Pason Systems Inc., visit the company's website at www.pason.com or contact:

Marcel Kessler

President and CEO

403-301-3400

marcel.kessler@pason.com

Jon Faber

Chief Financial Officer

403-301-3400

jon.faber@pason.com

Certain information regarding the Company contained herein may constitute forward-looking information under applicable securities law. The words “anticipate”, “expect”, “believe”, “may”, “should”, “will”, “estimate”, “project”, “outlook”, “forecast” or other similar words are used to identify such forward-looking information and statements. Forward-looking statements in this document may include statements, express or implied regarding the anticipated business prospects and financial performance of Pason; expectations or projections about future strategies and goals for growth and expansion; expected and future cash flows and revenues; and expected impact of future commitments. These forward-looking statements are based upon various underlying factors and assumptions, including the state of the economy and the oil and gas exploration and production business, in particular; the Company's business prospects and opportunities; and estimates of the financial and operational performance of Pason.

Forward-looking information and statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking information and statements. Risk factors that could cause actual results or events to differ materially from current expectations include, among others, the ability of Pason to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of Pason's assets and businesses, the price of energy commodities, competitive factors in the energy industry, changes in laws and regulations affecting Pason's businesses, technological developments, and general economic conditions.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such forward looking statements, although considered reasonable by management as of the date hereof, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Additional information on risks and uncertainties and other factors that could affect Pason's operations or financial results are included in Pason's reports on file with the Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or through Pason's website (www.pason.com). Furthermore, any forward looking statements contained in this news release are made as of the date of this news release, and Pason does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.