

INTEMA SOLUTIONS INC,

# Interim Financial Statements

for the second quarter ended

June 30 2017

(unaudited)



## MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The interim financial statements of Intema Solutions inc, are the responsibility of management and have been approved by the Board of Directors on August 29, 2017, The management responsibility in this respect includes the selection of appropriate accounting policies as well as the exercise of some judgment in establishing reasonable and fair estimates in accordance with International Financial Reporting Standards (IFRS) appropriate in the circumstances,

The Company maintains accounting systems and internal controls designed to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and that we can rely on the accounting records for the preparation of interim financial statements,

The Board of Directors assumes its responsibilities for the interim financial statements principally through its Audit Committee, The Audit Committee reviews the interim financial statements and recommends their approval to the Board of Directors,

.....  
Roger Plourde  
Chief executive officer

.....  
Robert Deslandes  
Chief financial officer

.....  
Sébastien Plourde  
Director and Corporative secretary

# TABLE OF CONTENTS

Interim Condensed Statements and Statements of Comprehensive Income ..... 4

Interim Condensed Statements of changes in Equity..... 5

Interim Condensed Statements of Financial Position ..... 6

Interim Condensed Statements of Cash Flows..... 7

Notes to the Interim Condensed Financial Statements ..... 8 - 27

## Interim Condensed Income Statements and Statements of Comprehensive Income

(in Canadian dollars)	Three Months ended June 30		Six Months ended June 30	
	2017	2016	2017	2016
	unaudited	unaudited	unaudited	unaudited
	\$	\$	\$	\$
Revenue from Continuing Operations	176,893	248,326	469,181	451,778
Direct Costs	84,380	77,520	155,603	151,643
Direct Labor	25,175	45,572	74,592	94,554
<b>Gross Profit</b>	<b>67,338</b>	<b>125,234</b>	<b>238,986</b>	<b>205,581</b>
Administrative and Sales Expenses	190,058	162,229	349,170	370,435
Research and Development Expenses	54,767	43,648	108,768	70,618
Market Development Expenses	–	18,999	–	39,667
<b>Operating Profit (Loss)</b>	<b>(177487)</b>	<b>(99642)</b>	<b>(218952)</b>	<b>(275139)</b>
Financial Income (note 4)	–	–	–	–
Financial Expenses (note 4)	9,063	16,775	17,641	22,702
<b>Profit (Loss) Before Following Items</b>	<b>(186550.000)</b>	<b>(116417)</b>	<b>(236593)</b>	<b>(297841)</b>
Loss of value on Goodwill	–	19333.000	–	49333.000
Gain on write-off of creditor	–	–	(71250.000)	4400.000
Share-Based payments for warrants	–	1365.000	–	1365.000
<b>Net Profit (Loss) Before Tax</b>	<b>(186550.000)</b>	<b>(137115)</b>	<b>(165343)</b>	<b>(344139)</b>
Uses of losses carried forward	–	–	–	–
<b>Net Profit (Loss) and Total Comprehensive Income</b>	<b>(186550.000)</b>	<b>(137115)</b>	<b>(165343)</b>	<b>(344139)</b>
Weighted Average Number of Outstanding Shares during the Period (note 5)	76,362,137	67,923,781	76,362,137	67,923,781
Earnings (Loss) per Share (note 5)				
Basic and Diluted	(2)	(2)	(2)	(5)

The accompanying notes are an integral part of the Interim Financial Statements,

**INTEMA SOLUTIONS INC,**

**Interim Statements of changes in Equity**

For the period of six months ended June 30  
(unaudited)

(in Canadian dollars)

	Shares Number	Capital Amount	Warrants	Equity Component of the convertible debentures	Contributed Surplus	Deficit	Total Equity (Deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance as of January 1 2017,	79,762,243	6,219,987	985,007.000	17,127	128,986.000	(6,537,412)	813,695.000
Expired warrants	—	—	(281,420.000)	—	281,420.000	—	—
Net Loss and Total comprehensive income	—	—	—	—	—	(165,343.000)	(165,343.000)
Balance as at June 30 2017	79,762,243	6,219,987	703,587.000	17,127	410,406.000	(6,702,755)	648,352.000
Balance as of January 1 2016,	67,923,781	5,926,063	789,770.000	—	158,815.000	(5,488,796)	1,385,852
Value of warrants for a convertible debenture	—	—	1365.000	—	—	—	1365.000
Expired warrants	—	—	(445)	—	455	—	—
Net Loss and Total comprehensive income	—	—	—	—	—	(344139)	(344,139.000)
Balance as at June 30 2016,	67,923,781	5,926,063	790,680.000	—	159,270.000	(5,832,935)	1,043,078

The accompanying notes are integral part of the Interim Financial Statements,

INTEMA SOLUTIONS INC,

Interim Statements of Financial Position

	June 30 2017	Dec, 31 2016
(in Canadian dollars)	\$	\$
	(unaudited)	(unaudited)
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 6)	6,826	3,607
Trade and other receivables (note 7)	314,047.000	450,255.000
Work in progress	15,065	20,087
Prepaid expenses	25,555	21,421
Research and Development Tax Credit Recoverable	127,154	97,306
<b>Current Assets</b>	<b>488,647</b>	<b>592,676</b>
<b>Non-current</b>		
Investment (note 8)	14,675.000	12,735.000
Property, Plant and Equipment (note 9)	162,385	183,817
Finance Leases Equipments (note 10)	70,087	82,455
Other Intangible Assets (note 11)	276,790.000	301,719
Goodwill (note 12)	49,536	49,536
Research and Development Tax Credit non Recoverable	490,782	490,782
<b>Non-current assets</b>	<b>1,064,255</b>	<b>1,121,044</b>
<b>Total Assets</b>	<b>1,552,902</b>	<b>1,713,720</b>

**INTEMA SOLUTIONS INC,**

**Interim Statements of Financial Position**

	June 30 2017	Dec, 31 2016
(in Canadian dollars)	\$	\$
	(unaudited)	(unaudited)
<b>LIABILITIES</b>		
<b>Current</b>		
Employees benefits	314,265	345,540
Trade and Other Payables (note 14)	394,380	294,560
Deferred Revenue	72,320	116,780
Current portion of long-term debts (note 16)	26,670	31,170
Current portion of obligation under finance leases (note 17)	24,550	32,290
<b>Current Liabilities</b>	<b>832,180</b>	<b>820,340</b>
<b>Non-currents</b>		
Obligations under finance leases (note 17)	2,060	14,39
Convertible Debentures (note 18)	70,310	65,30
<b>Non-currents Liabilities</b>	<b>72,370</b>	<b>79,69</b>
<b>Total Liabilities</b>	<b>904,550</b>	<b>900,03</b>
<b>Equity</b>		
Share Capital (note 19)	6,219,987	6,219,987
Warrants	703,590	985,010
Portion of Convertible Debentures included in Equity	17,130	17,130
Contributed Surplus	410,410	128,990
Deficit	-6,702,755	-6,537,412
<b>Total Equity</b>	<b>648,350</b>	<b>813,700</b>
<b>Total Liabilities and Equity</b>	<b>1,552,902</b>	<b>1,713,720</b>

The accompanying notes are integral part of the Interim Financial Statements,

For the Board of Directors,

(signed) Roger Plourde, Director

(signed) Gérald Desourdy, Director

**INTEMA SOLUTIONS INC,**

**Audited Statements of Cash Flows**

Six months ended June 30 (in Canadian dollars)	2017 \$	2016 \$
Net Profit (loss) and Total Comprehensive Income	(165,343.000)	(344,138.000)
Non cash items from net profit (loss) and total comprehensive income		
Variation of the value of the cash surrender value of life insurance	(1,940)	(1,924)
Depreciation of property, plant and equipment	21,433	25,699
Depreciation of finance leases assets	12,368	17,669
Impairment loss of Goodwill	—	49,330
Implicit interest of convertible debentures	5,015	—
Depreciation of other intangible assets	60,929	38,129
Change in non-cash working capital items (note 20)	131,334	154,882
Net cash flow from operating activities	63,796	(60,353)
Acquisition of intangible assets	(36)	(85,406)
Net cash flow from investing activities	(36,000)	(85,406)
Long-term debts	(4,500)	(6,000)
Debentures	—	100,000
Repayment of obligation under finance leases	(20,077)	(26,549)
Contributed Surplus	(281,420)	(455)
Fair value of Warrants	281,420	1,820
Net cash flow from financing activities	(24,577)	68,816
Net increase in cash and cash equivalents	3,219	(76,853)
Cash and cash equivalents at beginning of period	3,607	82,459
Cash and cash equivalents at end of period (note 6)	6,826	5,606

The accompanying notes are integral part of the Interim Financial Statements,



## Notes to Interim Financial Statements

Six months ended June 30 2017,

(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 1, Governing Statutes, Nature of Operations and Going Concern

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Intema Solutions inc.,, incorporated under the Canada Business Corporations Act, is a Company which provides consulting services in marketing and Web services, particularly in email campaign deployment to companies, The Company's registered office is located at 615 René-Lévesque West, Suite 1250, Montreal, Quebec, Canada, H3B 1P5, The Company is traded publicly on the TSX Venture Exchange under the symbol «ITM» and has no controlling shareholders,

#### Going concern

The interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations, In light of the operating losses and unfulfilled financial ratios, those material uncertainties raise significant doubt about the Company's ability to continue as a going concern, The Company's ability to realize its assets and discharge its liabilities depends on the continued support of its lenders and shareholders, As at June 30 2017, the Company has accumulated a deficit of \$6,702,015 (\$6,537,412 as at December 31 2016, ) and a net loss of \$164,604 during the second quarter of 2017 (net loss of \$1,048,616 as at December 31 2016,), The net loss of \$1,048,616 in 2016 include an impairment loss of \$250,000 on Research and Development Tax credit non recoverable, Going concern of the Company depends of, among other things, its to ability achieve a satisfactory level of revenue, the support of its customers, the conclusion of new financial agreements and its ability to raise new sources of funds,

Facing the uncertainties described above, management intends to take the following measures :

- 1) The Company has set up a new business development plan for products oriented toward high potential markets;
- 2) The Company intends to complete additional financing with private placements and the conversion of debts in common shares;

Management believes that obtaining additional financing, reorienting its activities, and relying on the continued support of its existing customers and its shareholders, will help the Company to operate normally, However, there is no certainty that those measures will be sufficient to allow the continuation of the Company in the normal course of business,

The carrying amounts of assets, liabilities, revenues and expenses presented in the interim financial statements and the statements of financial position classification have not been adjusted as would be required if the going concern assumption was not appropriate,

### Note 2, Statement of compliance with IFRS

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The Company's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations currently issued and outstanding,

These financial statements were approved by the Board of Directors on August 29, 2017,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 3, Operating expenses

Operating expenses include :	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Employees benefit	159115	187080.000	354071	406486.000
Production expenses	37402	34126	62033	69714
Research and development tax credit	(12925)	(33689)	(29848)	(89436)
Rent	41253	41062	82439	82436
Office expenses	40325	57742	83326	121676
Professional fees	42231	16757.000	43418	49447.000
Market development	—	1,500	—	4,668
Depreciation of property, plant and equipment and equipment under finance leases	46,979	43,390	93,570	81,926
	354380.000	347968	689009	726917
<b>Expenses as employees benefit include :</b>				
Employees benefit	159115	187080.000	354071	406486.000
	159115	187080.000	354071	406486.000

### Note 4, Financial income and expenses

Financial expenses are detailed as follows :	Three months ended June 30		Six months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Interest income from cash and cash equivalents	—	—	—	—
Financial Income	—	—	—	—
Interest on payables	2533	2246	5041	5251
	2534	2246.000	5041	5251.000
Implicit interest on convertible debentures	1,672	—	4,179	—
Interest on convertible debentures	2,256	1,973	4,352	1,973
Interest and financial expenses on long-term debts	2602	12556	4069	15478
	6530.000	14529	12600.000	17451
Financial expenses	9063	16775	17641	22702

### Note 5, Earnings (Loss) per share

Dilutive potential instruments (convertible debentures, warrants, stock option) have not been included in the calculation of dilutive earnings per share when the price was greater than the value of the common share price, or because of their anti dilutive effect,

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017  
(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 6, Cash and cash equivalents

	June 30 2017 \$	Dec, 31 2016 \$
Cash		
\$ CAN	5,721	3776
\$ U,S,	1196	2301
Cash and cash equivalents	6917	6077
Bank overdraft	(91)	(2,470.000)
Net cash and cash equivalent as of cash flows tables	6826	3607

### Note 7, Trade and other receivables

	June 30 2017 \$	Dec, 31 2017 \$
Trade accounts receivable	131562	267770
Allowance for doubtful accounts	(27500)	(27500)
	104062	240270
Share Capital subscription	41,000	41,000
Other receivables	54,500	54,500
Deposit	17,985	17,985
Deposit on business acquisition	150,000	150,000
Allowance for other doubtful receivables	(53,500)	(53,500)
Trade and other receivables	314047	450255

All amounts are due in the short term, The net carrying amounts represent a reasonable approximation of their fair value,

The net book value of outstanding receivables of the Company is \$104,062 (\$240,270 at December 31 2016,), at the end of the second quarter, The aging of these receivables is detailed in the following table:

Aging of receivables that are past due but not impaired,

	June 30 2017 \$	Dec, 31 2016 \$
Not impaired and past due by:		
0 to 30 days	63,379	147,411
31 to 60 days	6,661	64,842
61 to 90 days	5,324	7,345
Over 90 days	28,198	20,672
Total	103,562	240,270

## INTEMA SOLUTIONS INC,

### Notes to Interim Financial Statements

Six months ended June 30 2017  
(all amounts are in Canadian dollars, until indication)  
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#### Note 7, Trade and other receivables (cont'd)

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Before accepting a new customer, the Company evaluates the credit quality of the potential customer and sets credit limits for that customer, Credit limits and credit quality assessments are reviewed each year, To determine the collectability of a trade receivable, the Company considers any change in credit quality from the date the credit was initially granted to the reporting date,

The Company has not set up any allowance for the accounts presented in the preceding table since the credit quality of these receivables has not changed significantly and they are still considered collectible, Trade receivables are normally recovered in 44 days (45 days in 2016),

The Company does not hold any collateral in respect of these receivables,

The following table discloses a reconciliation of changes in the allowance for doubtful accounts :

	June 30	Dec, 31
	2017	2016
	\$	\$
Balance, beginning of period	27,500	15,000
Allowance	—	12,500
Balance, end of period	27,500	27,500

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Receivables are written off when the Company estimates it will not collect the amount provided for,

#### Note 8, Investment

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The Company has an investment as at June 30 2017, of \$14,675 (\$12,735 in 2016) as cash surrender value of life insurance on a member of management, The change consists in deposits totalling \$4,500 (\$9,000 in 2016), an interest income of \$113 (\$226 in 2016), fees and taxes on life insurance premiums of \$2,2668 (\$5,336 in 2016),

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 9, Property Plant and Equipment

	June 30	Dec, 31
9,1 Net value	2017	2016
	\$	\$
Cost	348,978	348,978
Accumulated depreciation and loss value	186,593	165,161
Net value	162,385	183,817

### 9,2 Reconciliation table

	Computers hardware	Furniture	Leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance as at January 1 2016,	66,703	196,571	85,704	348,978
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at December 31 2016,	66,703	196,571	85,704	348,978
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at June 30 2017	66,703	196,571	85,704	348,978
Accumulated depreciation and loss value				
Balance as at January 1 2016,	54,710	31,334	28,566	114,610
Depreciation	3,598	33,048	13,905	50,551
Disposals	—	—	—	—
Balance as at December 31 2016,	58,308	64,382	42,471	165,161
Depreciation	1,259	13,218	6,955	21,432
Disposals	—	—	—	—
Balance as at June 30 2017	59,567	77,600	49,426	186,593

Depreciation of \$21,432 has been accounted for as direct costs in the income statement (\$25,276 in 2016),

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 10, Finance Leases Equipments

#### 10,1 Net value

	June 30 2017 \$	Dec, 31 2016 \$
Cost	202,027	202,027
Accumulated depreciation and loss value	131,940.000	119,572.000
Net value	70,087	82,455

#### 10,2 Reconciliation table

	Computer Hardware \$	Total \$
Cost		
Balance as at January 1 2016,	202,027	202,027
Additions	—	—
Disposals	—	—
Balance as at December 31 2016,	202,027	202,027
Additions	—	—
Disposals	—	—
Balance as at June 30 2017	202,027	202,027
Accumulated depreciation and loss value		
Balance as at January 1 2016,,	84,234	84,234
Depreciation	35,338	35,338
Disposals	—	—
Balance as at December 31 2016,	119,572	119,572
Depreciation	12,368	12,368
Disposals	—	—
Balance as at June 30 2017	131,940	131,940

Depreciation of \$12,368 has been accounted for as direct costs in the income statement (\$17,669 in 2016),

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 11, Other Intangible Assets

11,1 Net value		June 30 2017 \$	Dec, 31 2016 \$
Cost		1,103,178	1,067,178
Accumulated depreciation and loss value		826388.000	765459.000
Net value		276790.000	301719

  

11,2 Reconciliation table	Patents \$	Softwares \$	Domain names \$	Total \$
Cost				
Balance as at January 1 2016,,	30,282	879,760	3,928	913,970
Additions	6,653	146,555	—	153208
Disposals	—	—	—	—
Balance as at December 31 2016,	36,935	1,026,315	3,928	1,067,178
Additions	—	36,000	—	36,000
Disposals	—	—	—	—
Balance as at June 30 2017	36935.000	1,062,315	3,928	1,103,178
Accumulated depreciation and loss value				
Balance as at January 1 2016,,	—	675,000	—	675,000
Depreciation	1,606	88,853	—	90,459
Disposals	—	—	—	—
Balance as at December 31 2016,	1,606	763,853	—	765,459
Depreciation	877	60,052	—	60,929
Disposals	—	—	—	—
Balance as at June 30 2017	2,483	823,905	—	826,388

Depreciation of \$60,929 has been accounted for as administrative and sales expenses in the income statement for 2017 (\$38,985 in 2016),

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 12, Goodwill

12,1 Net value	June 30 2017 \$	Dec, 31 2016 \$
Cost	158,866	158,866
Accumulated amortization and impairment losses	109,330	60,000
Net value	49,536	98,866

### 12,2 Reconciliation table

	Goodwill \$	Total \$
Cost		
Balance as at January 1 2016,,	158,866	158,866
Additions	—	—
Disposals	—	—
Balance as at December 31 2016,,	158,866	158,866
Additions	—	—
Disposals	—	—
Balance as at June 30 2017	158,866	158,866

### Accumulated amortization and impairment losses

Balance as at January 1 2016,,	60,000	60,000
Impairment losses charge to income statement	49,330	49,330
Disposals	—	—
Balance as at December 31 2016,,	109,330	109,330
Impairment losses charge to income statement	—	—
Disposals	—	—
Balance as at June 30 2017	109,330	109,330

### 12,3 Goodwill impairment testing

The Company has conducted an annual goodwill impairment test in the two first quarters of 2017 and fourth quarter of 2016 in accordance with the methods described in Note 4 by comparing the recoverable value of the cash-generating units with their carrying amount, Consequently, no impairment loss was recorded for the goodwill for the periods ended June 30 2017, and December 31 2016, for Konversation and a no impairment loss was recorded for Cabestan in income statement for 2016 (\$49,330 for 2016),



## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 12, Goodwill (cont'd)

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#### 12,3 Goodwill impairment testing (cont'd)

The Company has not changed the valuation method used for the goodwill impairment testing from the test performed at the first adoption of International Financial Reporting Standards (IFRS),

### Note 13, Bank Indebtedness

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The Company has no credit loan or bank loan as at June 30 2017 and as at December 2016,

### Note 14, Trade and other payables

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	June 30 2017	Dec, 31 2016
	\$	\$
Trade and accrued payable	319,179	252,305
Sales tax	44,887	16,874
Interest payable on convertible debentures	11,015	6,800
Interest payable on long-term debts	19,295	18,579
Trade and other payables	394,376	294,558

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### Note 15, Short-term debts

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As at June 30 2015, the Company had a loan from Investissement Québec of \$100,000 bearing interest at the institution's prime rate of 5,5%, calculated monthly, secured by a mortgage on the universality of property, including refundable tax credits for research and development and a personnel guarantee of a director, This loan has been reimbursed in 2015,

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 16, Long-term debts

	June 30	Dec, 31
	2017	2016
	\$	\$
Loan from Canada Economic Development, at base rate of the Bank of Canada plus 3%, payable on December 31 2010 (1)	26,670	31,170
Loan from Canada Economic Development, at base rate of the Bank of Canada plus 3%, reimbursed in 2016,	—	—
	26,670	31,179
Current portion	26,670	31,170
Long-term debts	—	—

(1) As at June 30 2017, and December 31 2016, the Company is in default with respect to the payment schedule of the debt to Canada Economic Development, Therefore, the balance of this loan is presented in the current liabilities since the Company is considered in default by the creditor, Talks are currently in process with Canada Economic Development to modify the terms of repayment,

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 17, Obligations under finance leases

	2017	2016
	\$	\$
Finance lease, 7,78%, maturing in March 2017, guaranteed by computer equipment	—	2,365
Finance lease, 6,71%, maturing in September 2017, guaranteed by computer equipment	—	4,514
Finance lease, 8,22%, maturing in February 2017, guaranteed by computer equipment	—	2,247
Finance lease, 9,67%, maturing in May 2018, guaranteed by computer equipment	1,848	2,705
Finance lease, 7,87%, maturing in June 2018, guaranteed by computer equipment	9,678	13,911
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	2,906	4,175
Finance lease, 8,24%, maturing in June 2018, guaranteed by computer equipment	2,463	3,540
Finance lease, 8,78%, maturing in September 2018, guaranteed by computer equipment	9,713	13,227
	26,608	46,684
Current portion	24,553	32,290
	2,055	14,394
<b>Minimum payments under finance leases</b>		
Less than a year	26,116	34,718
Over one year and less than five years	2,094	14,992
	28,210	49,710
Interest included in minimum lease payments	1,602	3,026
Present value of minimum lease payments	26,608	46,684

### Note 18, Convertible debentures

Under the terms negotiated in April 19 2016, the Company issued debentures with a nominal value of \$100,000, maturing in April 19, 2018, bearing interest at 10%, convertible into common shares at \$0,05 per share during the first year and \$0,10 during the second year, The nominal value is recorded as a reduction to the equity component of the convertible right of \$23,600, The broker fees consists of \$ 10,000 and 150,000 warrants at the rate of \$ 0,05 for the first twelve months and \$0,10 until maturity on April 19, 2018, the value attributed to warrants is \$2,430, These broker fees of \$12,430 reduced the nominal value of the convertible debentures of \$9,497 and the equity component of the convertible debentures of \$2,933,

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 18, Convertible debentures (cont'd)

An amount of \$10,227 of the equity component of the convertible right was accounted for in addition of the nominal value of the convertible debentures and implicit interest on convertible debentures on the financial expenses, On November 8 2016, upon conversion of a debenture into shares, the Company issued 300,000 common shares at a price of \$0,05 per share for a total amount of \$15,000,

### Note 19, Equity

#### Share Capital

Authorized: unlimited common shares, voting and participating, without par value

Issued:	2017	2016
Amount	\$	\$
Opening balance	6,219,987	5,926,063
Private placement (a)(c)(d)	—	275,384
Warrants exercised	—	—
Debenture conversion (b)	—	18,540
Ending balance	6,219,987	6,219,987
Number of shares	2,017	2,016
	(in units)	(in units)
Opening balance	79,762,243	67,923,781
Private placement (a)(c)(d)	—	11,538,462
Warrants exercised	—	—
Debenture conversion(b)	—	300,000
Ending balance	79,762,243	79,762,243

(a) On December 7 2016, in connection with a private placement, the Company issued 630769 common shares at a price of \$ 0,065 per share for a total amount of \$ 41,000 , This amount has not been received as at December 31 2016,, A share issue expense totaling \$1,698 was recorded as a reduction of the value of the private placement,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19, Equity (cont'd)

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b) On November 8 2016, the Company issued 300,000 common shares at a price of \$ 0,05 per share to a holder of debenture who exercised its right to convert into shares for \$ 15,000 , The subscription amount was increased by the fair value that was attributed to these equity component of the convertible debenture of \$3,540,

(c) On October 26 2016, in connection with a private placement, the Company issued 907,693 common shares at a price of \$ 0,065 per share for a total amount of \$ 59,000, A share issue expense totaling \$7,800 was recorded as a reduction of the value of the private placement,

(d) On August 26 2016, in connection with a private placement, the Company issued 10,000,000 common shares at a price of \$ 0,05 per share for a total amount of \$ 500,000, together with 10,000,000 warrants, The amount of the offering is net of warrants value of \$205,387, A share issue expense totaling \$109,731 was recorded as a reduction of the value of the private placement,

#### Warrants issued to shareholders

Changes in the outstanding warrants issued to shareholders are detailed as follows :

	Number	Weighted average exercise price
Outstanding as at January 1 2016,,	23,065,962	193
Issued (b)	10,000,000	152
Expired (c)(f)	(832,960)	138
Outstanding as at December 31 2016,	32,233,002	174
Expired (a)	(13,000,002)	196
Outstanding as at June 30 2017	19,233,000	159

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19, Equity (cont'd)

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#### Warrants issued to shareholders (cont'd)

(a) On February 2, 2017, 13,000,002 warrants expired On February 2, 2017, without being exercised, The fair value of \$281,420 allocated to these warrants has been reclassified to contributed surplus,

(b) On August 26 2016, 10,000,000 warrants were issued pursuant to a private placement, They are recorded as a reduction of the share capital in the amount of \$ 205,387, This value attributed to the warrants was reduced by its proportion of issue cost of \$76,569, Also, the broker fees consists of 700,000 warrants at the rate of \$0,06 until maturity on August 26, 2018 at the fair value of \$34,160,

(c) On August 8 2016, 767,000 warrants expired without being exercised, The fair value in the amount of \$38,964 allocated to these warrants has been reclassified to contributed surplus,

(d) On August 8 2016, 9,233,000 warrants were extended for an additional year, fair value allocated of \$69,248 has been reclassified to contributed surplus,

(e) On April 19 2016, the brokerage fee for the debenture consists of 150,000 warrants at the rate of \$ 0,05 for the first twelve months and \$ 0,10 until maturity on April 19, 2018 at the fair value of \$2,430,

(f) On February 26 2016, 65,960 warrants expired without being exercised, The fair value of \$455 allocated to these warrants has been reclassified to contributed surplus,

The fair value of the warrants granted was estimated using the Black-Scholes pricing model using the following assumptions:

	2016	2015
Expected life of the warrants	1 to 2 years	1 to 2 years
Expected volatility	125 % to 151%	81 % to 102%
Risk-free interest rate	0,50 % to 0,61%	0,41 % to 0,42%
Expected dividends	0,0%	0,0%

The expected volatility was determined by calculating the historical volatility of the Company's common share price back from the date of the grant and for a period corresponding to the expected life of the warrants, When computing historical volatility, management may disregard an identifiable period of time in which it considers that the share price was extraordinary volatile because of a specific event that is not expected to recur during the expected life of warrants, In addition, if the share price of the Company was extremely volatile for a period of identifiable time, for example as a result of a general market decline, management may put less emphasis on volatility during this period,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19, Equity (cont'd)

#### Warrants issued to shareholders (cont'd)

Summary table of outstanding and exercisable warrants as at June 30 2017:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
August 2017	9,233,000	0,10	\$0,20
August 2018	10,000,000	1,15	\$0,06
	19,233,000	0,64	\$0,127

Summary table of outstanding and exercisable warrants as at December 31 2016,:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
February 2017	10,000,002	0,11	\$0,15
February 2017	3,000,000	0,11	\$0,17
August 2017	9,233,000	0,60	\$0,20
August 2018	10,000,000	1,65	\$0,06
	32,233,002	0,62	\$0,15

#### Warrants issued to brokers

Summary table of outstanding and exercisable warrants issued to brokers as at June 30 2017:

Expiring date	Number of warrants	Average remaining term (year)	Weighted average exercise price
Outstanding as at January 1 2016,,	—	—	—
Issued (b) (note 18)	850,000	1,59	\$0,063
Outstanding as at December 31 2016,,	850,000	1,59	\$0,063
Outstanding as at June 30 2017	850,000	1,09	\$0,063

No outstanding and exercisable warrants issued to brokers as at December 31 2105,

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19, Equity (cont'd)

Summary table of outstanding and exercisable warrants issued to brokers as at June 30 2017:

Issuing date	Expiring date	Number of warrants	Average remaining (year)	Weighted average exercise price
April 2016 (note 18)	April 2018	150,000	0,78	\$0,075
August 2016 (b)	August 2018	700,000	1,15	\$0,06
		850,000	1,09	\$0,063

#### Incentive stock option plan

The shareholders of the Company have adopted stock option plan under which members of the Board of Directors may award stock options for common shares to directors, officers, employees and consultants, The conditions and the exercise price of each option are determined by the Board of Directors,

The maximum number of shares issuable under the plan is 2,600,000,

The total number of common shares reserved for stock option plan to directors, officers and employees shall not represent, over a 12 months period, more than 5% of the Company's common shares issued and outstanding, that number being calculated on the granted date,

The total number of common shares reserved for stock option plan to consultants and Investor' relationships services' providers shall not represent, over a 12 months period, more than 2% of the Company's common shares issued and outstanding, that number being calculated on the granted date,

The purchase price of the common shares upon the exercise of each option granted under the stock option plan will be the price determined by the Board of Directors or the Compensation Committee at the time of each option granted, but that price may not be less than the « Expected price » which means the market price at the time of each option granted less a discount according to the accepted rules by TSX Venture Exchange, subject to a minimum price of \$0,10, The market price at the time of each option granted means the TSX Venture Exchange market closing price on the day before they are granted, If there is no trading on the day before, the closing price is replaced by the average of the bid-and-offered,

The stock options are exercisable at any time and expire 90 days after the departure date of the holder for directors and officers, and 30 days for consultants,

Changes in the stock options are detailed as follows :

	Number of options	Weighted average exercise price
Outstanding as at January 1 2016,,	2,575,000	\$ 0,102
Outstanding as at December 31 2016,	2,575,000	0,102
Outstanding as at June 30 2017	2,575,000	0,102



# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### Note 19, Equity (cont'd)

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#### Incentive stock option plan (cont'd)

During the year ended December 31 2016, no stock-options were granted to employees and to non-employees (\$28,980 in 2015),

In 2015, the fair value of those stock options has been determined using the Black-Scholes option pricing model and are based on the following assumptions:

Expected life	2 to 5 years
Expected volatility	102,5 % to 159,2%
Risk-free interest rate	1,07 % to 1,51%
Expected Dividends	0,0%

Expected volatility is determined by calculating the historical volatility of the common share of the Company from the date of the grant and for a period corresponding to the expected life of the stock options, By calculating the historical volatility, management may disregard a period of time for which it considers that the share price was extraordinarily volatile because a specific event that is not expected to recur in the expected life of the stock option, In addition, if the share price of the Company was extremely volatile for a period of identifiable time, for example as a result of a general market decline, management may put less emphasis on volatility during this period,

#### Summary table of outstanding and exercisable options as at June 30 2017

Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
October 2017	825000.000	0,25	0,10
November 2018	850000.000	1,39	0,10
February 2019	900000.000	1,65	0,105
	2,575,000	1,11	0,102

#### Summary table of outstanding and exercisable options as at December 31 2016,

Expiring	Number of options	Average remaining term (years)	Weighted average exercise price
October 2017	825,000	0,75	0,10
November 2018	850,000	1,89	0,10
February 2019	900000.000	2,15	0,105
	2,575,000	1,61	0,102

# INTEMA SOLUTIONS INC,

## Notes to Interim Financial Statements

Six months ended June 30 2017  
(all amounts are in Canadian dollars, until indication)  
(unaudited)

### Note 20, Information on Cash Flows

Change in working capital items are detailed as follows:	June 30	June 30
	2017	2016
	\$	\$
Trade and other receivables	136,208	7,086
Work in process	5,022	27,849
Prepaid expenses	(4,134)	(18,374)
Research and Development Tax Credit recoverable	(29,848)	(89,436)
Trade and other payables	99,818.000	109,704
Employees benefits	(31,272)	189,635
Deferred revenue	(44,460.000)	(71,582.000)
	131,334	154,882

### Note 21, Commitments

The Company is committed to pay under long-term leases agreements, an amount of \$415,416 before December 31 2019, The payments are as follows over the next three years: 2017 - \$104,182; 2018 - \$155,617 and 2019 - \$155,617,

### Note 22, Related Party Transactions

During the period ended June 30 2017, and December 31 2016, the Company made transactions with some officers and directors and companies controlled by officers or directors of Intema Solutions Inc,

Company's key management personnel are members of the Board of directors, President and Chief Executive Officer, the Chief Operating Officer and the Chief Financial Officer, Key management personnel remuneration includes the following expenses:

	Three months		Six months	
	ended June 30		ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
Salaries and Benefits	53,188	53,185	106,376	100,456
Share-based payment	—	—	—	—
Professional fees	—	13400.000	—	32,000
	53,188	66,585	106,376	132,456

Salaries and benefits include the remuneration of the President and Chief Executive Officer and the Chief Operating Officer and various indirect benefits as of car allowances,

The remuneration payable to directors totalled \$106,376 at June 30 2017 (\$132,456 at June 30 2016,)

## **Notes to Interim Financial Statements**

Six months ended June 30 2017

(all amounts are in Canadian dollars, until indication)

(unaudited)

### **Note 23, Economic Dependence**

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During the period of three months ended June 30 2017, the Company realized sales to two major customers for an amount \$342,650 (in 2016, two major customers for amounts totalling \$331943,

The management of the Company assesses the degree of dependence associated with these clients as important given the recurrence of contracts from these customers,

### **Note 24, Contingency**

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On September 6 2016, the Company was ordered by Court to pay a sum of \$100,000 to a supplier for fees and damages, The Company disputed this judgement and appealed the decision,

### **Note 25, Segment Reporting**

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The Company has reviewed its activities and determined that it leads them in a single reportable operating segment, This single reportable operating segment derives its revenues from the sale of consulting services in marketing and the Internet, especially in the deployment of e-mailing campaign to large companies, Almost all activities are carried out in Canada,

The assets of the Company are located in Canada,

### **Note 26, Events after the reporting period**

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No subsequent event