

INTEMA SOLUTIONS INC.

Interim Financial Statements

for the second quarter ended

June 30, 2016

(unaudited)



MANAGEMENT’S RESPONSIBILITY FOR FINACIAL REPORTING

The interim financial statements of Intema Solutions inc. are the responsibility of management and have been approved by the Board of Directors. The management responsibility in this respect includes the selection of appropriate accounting policies as well as the exercise of sound 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

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INTEMA SOLUTIONS INC.

Interim Condensed Income Statements and Statements of Comprehensive Income

	Three Months ended June 30,		Six Months ended June 30,	
	2016 (unaudited)	2015 (unaudited)	2016 (unaudited)	2015 (unaudited)
(in Canadian dollars)	\$	\$	\$	\$
Revenue from Continuing Operations	248,326	305,795	451,778	643,550
Direct Costs	77,520	97,903	151,643	186,739
Direct Labor	45,572	78,804	94,554	148,547
Gross Profit	125,234	129,088	205,581	308,264
Administrative and Sales Expenses	162,229	218,224	370,435	470,992
Research and Development Expenses	43,648	19,046	70,618	48,714
Markets development Expenses	18,999	76,637	39,667	140,026
Operating Profit (Loss)	(99,642)	(181,819)	(275,139)	(351,468)
Financial Income (note 4)	—	105	—	115
Financial Expenses (note 4)	16,775	8,897	22,702	17,695
Profit (Loss) Before Following Items	(116,417)	(190,611)	(297,841)	(369,048)
Loss on value on Goodwill	19,333	—	49,333	—
Gain on write-off of creditor	—	—	4,400	—
Share-Based payments	—	—	—	107,900
Share-Based payments for warrants	1,365	—	1,365	—
Net Profit(Loss) Before Tax	(137,115)	(190,611)	(344,139)	(476,948)
Income Tax Exigibles	—	—	—	—
Net Profit (Loss) and Total Comprehensive Income	(137,115)	(190,611)	(344,139)	(476,948)
Weighted Average Number of Outstanding Shares during the Period (note 5)	67,923,781	58,328,470	67,923,781	58,328,381
Earnings (Loss) per Share (note 5)				
Basic and Diluted	(0.002)	(0.0033)	(0.005)	(0.0081)

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

INTEMA SOLUTIONS INC.

Interim Condensed Statements of change in Equity

For the period of six months ended June 31,
(unaudited)

(in Canadian dollars)

	Share Number	Capital Amount	Warrants	Equity Component of the convertible debentures	Contributed Surplus	Deficit	Total Equity (Deficiency)
	#	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2016	67,923,781	5,926,063	789,770	—	158,815	(5,488,796)	1,385,852
Value of warrants for a convertible debenture	—	—	1,365	—	—	—	1,365
Value of expired warrants	—	—	(455)	—	455	—	—
Net Profit and Total comprehensive income	—	—	—	—	—	(344,139)	(344,139)
Balance as at June 30, 2016	67,923,781	5,926,063	790,680	—	159,270	(5,832,935)	1,043,078
Balance as at January 1, 2015	53,793,779	5,125,676	521,795	—	106,865	(4,505,121)	1,249,215
Issue of Capital Stock	13,000,002	645,400	404,600	—	—	—	1,050,000
Cost of issuing Share	—	(95,670)	—	—	—	—	(95,670)
Shares issued for a conversion of a convertible debenture	900,000	78,570	11,430	—	—	—	90,000
Exercised warrants	230,000	34,500	—	—	—	—	34,500
Share-Based payments	—	—	107,900	—	—	—	107,900
Net Profit and Total comprehensive income	—	—	—	—	—	(476,948)	(476,948)
Balance as at June 30, 2015	67,923,781	5,788,476	1,045,725	—	106,865	(4,791,458)	1,958,997

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

INTEMA SOLUTIONS INC.

Interim Condensed Statements of Financial Position

	June 30 2016	Dec. 31 2015
(in Canadian dollars)	\$	\$
	(unaudited)	(audited)
ASSETS		
Current		
Cash (note 6)	5,606	82,458
Trade and other receivables (note 7)	314,302	321,388
Work in progress	62,989	90,838
Prepaid expenses	109,104	90,730
Research and Development Tax Credit Recoverable	191,088	145,193
Current Assets	683,089	730,607
Non-current		
Deposit	20,008	20,008
Investment (note 8)	10,768	8,845
Property, Plant and Equipment (note 9)	209,092	234,368
Financial Leases Equipments (note 10)	100,124	117,793
Other Intangible Assets (note 11)	285,73	238,970
Goodwill (note 12)	49,536	98,866
Research and Development Tax Credit non Recoverable	782,074	738,533
Non-current assets	1,457,332	1,457,383
TOTAL ASSETS	2,140,421	2,187,990

INTEMA SOLUTIONS INC.

Interim Condensed Statements of Financial Position

(in Canadian dollars)	June 30, 2016 \$ (unaudited)	Dec. 31, 2015 \$ (audited)
LIABILITIES		
Current		
Employees benefits	425,285	235,652
Trade and Other Payables (note 14)	391,948	282,244
Deferred Income	68,484	140,066
Current portion of obligation under finance leases (note 18)	44,049	51,322
Current portion of long-term debts (note 16)	40,170	46,170
Current Liabilities	969,936	755,454
Non-currents		
Convertible debenture	100,000	—
Obligations under financial leases (note 18)	27,407	46,684
Non-currents Liabilities	127,407	46,684
Total Liabilities	1,097,343	802,138
EQUITY (DEFICIENCY)		
Share Capital (note 19)	5,926,063	5,926,063
Warrants	790,680	789,770
Contributed Surplus	159,270	158,815
Deficit	(5,832,935)	(5,488,796)
Total Equity	1,043,078	1,385,852
Total Equity and Liabilities	2,139,151	2,187,990

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

For the Board of Directors,

(signed) Roger Plourde, Director

(signed) Gerald Desourdy, Director

INTEMA SOLUTIONS INC.

Interim Condensed Statements of Cash Flows

Six months ended June 30,	2016	2015
(in Canadian dollars)	(unaudited)	(unaudited)
	\$	\$
Profit (loss) from continuing operations	(344,138)	(478,656)
Non cash items from		
Variation of the value of an investment	(1,924)	(1,907)
Amortization of tangible assets	25,699	14,928
Amortization of intangible assets	38,129	—
Amortization leased assets	17,669	13,099
Loss on value on Goodwill	49,330	—
Share-based payments	—	107,900
Change in non-cash working capital items (note 20)	154,882	(382,068)
Net cash flows from operating activities	(60,263)	(726,704)
Computer equipment	—	(272,211)
Software	(85,406)	—
Net cash flow from investing activities	(85,406)	(272,211)
Short-term debts	—	100,000
Long-term debts	(6,000)	(5,000)
Debentures	100,000	(90,000)
Financial leases obligations	(26,549)	37,934
Issues of Share Capital	—	632,918
Contributed Surplus	(455)	—
Fair value of Warrants	1,820	459,050
Cost of issuing Shares	—	(20,880)
Net cash flow from financing activities	68,816	1,114,002
Net increase in cash and cash equivalents	(76,853)	115,107
Cash and cash equivalents at beginning of period	82,459	245,647
Cash and cash equivalents at end of period (note 6)	5,606	360,754

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

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

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

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 campaigning deployment to large businesses. The Company's registered office is located at 625 René-Lévesque Blvd 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, 2016 the Company has accumulated a working capital deficiency of \$5,832,935 (\$5,488,796 as at December 31, 2015) and a net loss of \$344,139 (net loss of \$983,675 as at December 31, 2015). 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.

During 2016, the Company made the following transactions to compensate for some of the uncertainties above:

The Company has obtained additional funding by a convertible debentures of \$100,000.

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;
- 3) The Company intends to raise additional funds by a short-term loan on its refundable tax credit receivable in 2016 and 2017.

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.

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 2. Statement of compliance with IFRS

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

Those interim financial statements were approved by the Board of Directors August 24, 2016.

Note 3. Operating expenses

Operating expenses include :

	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Employees benefit	187,080	275,551	406,486	588,260
Production expenses	34,126	79,389	69,714	158,712
Research and development tax credit	(33,689)	(64,856)	(89,436)	(142,004)
Rent	41,062	40,810	82,436	79,263
Office expenses	57,742	37,436	121,676	90,242
Professional fees	16,757	27,133	49,447	52,492
Markets development Expenses	1,500	73,637	4,668	140,026
Amortization of tangible assets and of equipment under finance leases	43,390	18,154	81,926	28,087
	347,968	487,614	726,917	995,018

Employees benefits expenses are :

Salaries and benefits	187,080	275,551	406,486	588,260
	187,080	275,551	406,486	588,260

Note 4. Financial income and expenses

Financial expenses are detailed as follows :

	Three months ended June 30 (unaudited)		Six months ended June 30 (unaudited)	
	2016	2015	2016	2015
	\$	\$	\$	\$
Interest income from cash and cash equivalents	—	105	—	115
Financial income	—	105	—	115
Interest on payables	2,246	423	5,251	2,125
Interest and financial expenses on short-term debts	—	4,577	—	7,886
	2,246	5,000	5,251	10,011
Interest on convertible debentures	1,973	—	1,973	1,350
Interest and financial expenses on long-term debts	12,556	3,897	15,478	6,334
	14,529	3,827	17,451	7,684
Financial expenses	16,775	8,897	22,702	17,695

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

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.

Note 6. Cash and cash equivalent

	June 30, 2016 (unaudited)	Dec 31, 2015 (audited)
Cash	\$	\$
\$ CAN	3,798	81,372
\$ U.S.	1,808	1,1127
Cash and cash equivalent	5,606	82,499
Bank overdraft	—	(41)
Net cash and cash equivalent as of cash flows tables	5,606	82,458

Note 7. Trade and other receivables

	June 30, 2016 (unaudited)	Dec 31, 2015 (audited)
	\$	\$
Trade accounts receivable	160,802	157,665
Allowance for doubtful accounts	(15,000)	(15,000)
	145,802	142,665
Other receivable	54,500	58,723
Deposit on an acquisition	150,000	150,000
Allowance for doubtful accounts	(36,000)	(30,000)
Trade and other receivables	314,302	321,388

All amounts have short-term maturities. Their carrying values represent a reasonable approximation of fair value.

The net book value of outstanding debts of the Company is \$145,802 (\$142,665 in 2015) at the end of the year. The maturities of those loans are detailed in the following table:

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 7. Trade and other receivables (cont'd).

Classification of past due receivables but not doubtful accounts:	June 30, 2016 (unaudited)	Dec 31. 2015 (audited)
Non depreciated and issued per :	\$	\$
0 to 30 days	112,147	48,719
31 to 60 days	13,415	15,745
61 to 90 days	71	15,494
Over 90 days	20,169	62,707
Total	145,882	142,665

The deposit for business acquisition represents an amount paid initially when acquiring a business. In May 2015, it was agreed that this amount be offset by redeemable or business service benefits as mutually agreed and this until 1 September 2017 .

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 evaluation 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 provision for the accounts presented in the preceding table since the credit quality of those receivables has not changed significantly and they are still considered collectible. Receivables are normally recovered in 62 days (34 days in 2015)

The Company does not hold any collateral in respect of those receivables.

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

	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
Balance, beginning of period	\$ 15,000	\$ 10,000
Allowance	—	5,000
Balance, end of period	15,000	15,000

Receivables are written off when the Company estimates it will not collect the amount accounted for.

Note 8. Investment

The Company has an investment of \$10,708 (\$8,845 in 2015) as the redemption value of life insurance of a member of management.

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 9. Property plant and equipment

9.1 Net value	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Cost	348,978	348,978
Accumulated depreciation and value loss	139,886	114,610
Net value	209,092	234,368

9.2 Reconciliation table

	Computers hardware	Furniture	Leasehold improvements	Total
Costs	\$	\$	\$	\$
Balance as at January 1st, 2015	59,780	11,562	52,324	123,666
Additions	6,923	185,009	33,380	225,312
Disposals	—	—	—	—
Balance as at December 31, 2015	66,703	196,571	85,704	348,978
Additions	—	—	—	—
Disposals	—	—	—	—
Balance as at June 30, 2016	66,703	196,571	85,704	348,978
Accumulated depreciation and value loss				
Balance as at January 1st, 2015	50,561	8,674	18,433	77,668
Amortization	4,149	22,660	10,133	36,942
Disposals	—	—	—	—
Balance as at December 31, 2015	54,710	31,334	28,566	114,610
Amortization	1,799	16,524	6,953	25,276
Disposals	—	—	—	—
Balance as at June 30, 2016	56,509	47,858	35,519	139,886

An amortization expense of \$25,276 as been registered as direct costs in the interim financial statements (\$36,942 in 2015).

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 10. Finance leases equipments

10.1 Net Value

	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Cost	202,027	202,027
Accumulated depreciation and value loss	101,903	84,234
Net value	100,124	117,793

10.2 Reconciliation table

	Computer Hardware \$	Total \$
Cost		
Balance as at January 1st, 2015	121,495	121,495
Additions	80,532	80,532
Disposals	—	—
Balance as at December 31, 2015	202,027	202,027
Additions	—	—
Disposals	—	—
Balance as at June 30, 2016	202,027	202,027
Accumulated depreciation and value loss		
Balance as at January 1st, 2015	50,360	50,360
Amortization	33,874	33,874
Disposals	—	—
Balance as at December 31, 2015	84,234	84,234
Amortization	17,669	17,669
Disposals	—	—
Balance as at June 30, 2016	101,903	101,903

An amortization expense of \$17,669 as been registered in direct costs in the interim financial statements (\$33,874 in 2015).

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 11. Intangible assets

11.1 Net value

	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Cost	999,715	913,870
Accumulated depreciation and value loss	713,985	675,000
Net value	285,73	238,970

11.2 Reconciliation table	Patents \$	Softwares \$	Domaine Names \$	Total \$
Cost				
Balance as at January 1st, 2015	—	675,000	3,928	678,928
Additions	30,282	204,760	—	235,042
Disposals	—	—	—	—
Balance as at December 31, 2015	30,282	879,760	3,928	913,970
Additions	339	85,406	—	85,745
Disposals	—	—	—	—
Balance as at June 30, 2016	30,621	965,166	3,928	999,715
Accumulated depreciation and value loss				
Balance as at January 1st, 2015	—	675,000	—	675,000
Amortization	—	—	—	—
Disposals	—	—	—	—
Balance as at December 31, 2015	—	675,000	—	675,000
Amortization	766	38,219	—	38,985
Disposals	—	—	—	—
Balance as at June 30, 2016	766	713,219	—	713,985

An amortization expense of \$38,985 as been registered in direct costs in the interim financial statements (none in 2015).

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 12. Goodwill

12.1 Net value	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Cost	158,866	158,866
Accumulated depreciation and value loss	109,330	60,000
Net value	49,536	98,866

12.2 Reconciliation table

	Goodwill \$	Total \$
Cost		
Balance as at January 1st, 2015	158,866	158,866
Additions	—	—
Disposals	—	—
Balance as at December 31, 2015	158,866	158,866
Additions	—	—
Disposals	—	—
Balance as at June 30, 2016	158,866	158,866
Accumulated depreciation and value loss		
Balance as at January 1st, 2015	—	—
Loss of value registered in the net result	60,000	60,000
Disposals	—	—
Balance as at December 31, 2015	60,000	60,000
Loss of value registered in the net result	49,330	49,330
Disposals	—	—
Balance as at June 30, 2016	109,330	109,330

12.3 Goodwill impairment testing

The Company has conducted an annual goodwill impairment test in the first and the second quarter of 2016 and in the fourth quarter of 2015 in accordance with the methods described in Note 4 to the financial statements as at December 31, 2015. The recoverable value of the cash-generating units exceeds their carrying amount. Consequently, an impairment loss was recorded for the goodwill of \$49,330 and \$60,000 for the periods ended June 30, 2016, and December 2015.

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 12. Goodwill (cont'd)

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

The Company has no credit loan or bank loan as at June 30, 2016.

Note 14. Trade and other payables

	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Trade and accrued payable	348,903	261,602
Sales tax	23,374	4,021
Interest payable on long-term debts	19,671	16,621
Trade and other payables	391,948	282,244

Note 15. Short-term debts

As at June 30, 2015, the Company had reimbursed a loan from Investissement Québec of \$100,000 bearing interest at the prime rate plus 5.5%, calculated monthly, secured by a mortgage on the universality of property including refundable tax credits for research and development and by the personal guarantee of a director, refundable on return of the tax credit. The loan has been reimbursed in 2015.

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 16. Long-term debts

	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Loan from Canada Economic Development, at average of the key interest rate of the Bank of Canada plus 3%, payable on December 31, 2010 (1)	34,769	34,769
Loan from Canada Economic Development, at average of the key interest rate of the Bank of Canada plus 3%, payable on December 31, 2010 (1)	5,401	11,401
	40,170	46,170
Current portion of long-term debts	40,170	46,170
Long-term debts	—	—

(1) As at June 30, 2016, and December 31, 2015, the Company is in default with respect to the payment schedule of the debt by 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. Negotiations are currently in process with Canada Economic Development to modify the terms of repayment.

Note 17. Convertible debentures convertibles

In January 2015, the Company issued a convertible debenture with a par value of \$90,000 maturing in December 2015 and bearing interest at 6%. Interest is payable monthly. The convertible debenture is unsecured and is convertible into shares at a rate of \$0.10 per common share. In addition the debenture is accompanied by 900,000 warrants at the rate of \$0.12 expiring in December 2015.

April 19, 2016, the Company issued a convertible debenture at the value of \$100,000 maturing on April 19, 2018 and bearing interest at 10%. Interest is payable semi-annually. The convertible debenture is unsecured and is convertible into shares at \$0.05 per common share for the first year and \$0.10 next year. Broker fees consist of \$10 000 and 150,000 warrants at \$0.05 for the first twelve months and \$0.10 to maturity April 19, 2018 .

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 18. Obligations under finance leases contracts

	June 30, 2016 (unaudited)	Dec. 31, 2015 (audited)
	\$	\$
Finance lease, 7.78%, maturing in March 2017, guaranteed by computer equipment.	6,969	11,401
Finance lease, 5.87%, maturing in July 2016, guaranteed by computer equipment.	430	2,966
Finance lease, 5.85%, maturing in September 2016, guaranteed by computer equipment.	901	2,662
Finance lease, 6.71%, maturing in September 2017, guaranteed by computer equipment.	8,882	13,107
Finance lease, 8.22%, maturing in February 2018, guaranteed by computer equipment.	6,375	10,205
Finance lease, 9.67%, maturing in May 2018, guaranteed by computer equipment.	3,497	4,229
Finance lease, 7.87%, maturing in June 2018, guaranteed by computer equipment.	17,922	21,721
Finance lease, 8.24%, maturing in June 2018, guaranteed by computer equipment.	5,374	6,508
Finance lease, 8.24%, maturing in June 2018, guaranteed by computer equipment.	4,558	5,521
Finance lease, 8.78%, maturing in February 2018, guaranteed by computer equipment.	16,548	19,686
	71,456	98,006
Current portion maturing during the next period	44,049	51,322
	27,407	46,684
Minimum payments under finance leases		
Less than a year	51,914	58,833
Over one year and less than five years	30,105	48,735
	82,019	107,568
Interest included in minimum payments	10,563	9,562
Present value of minimum lease payments under finance lease	71,456	98,006

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 19. Equity

Share Capital Authorised:

The Company's authorized capital stock consists of an unlimited number of voting and participating common shares with no par value.

	June 30, 2016 \$ (unaudited)	Dec. 31, 2015 \$ (audited)
Issued and fully paid : Amount		
Opening balance	5,926,063	5,125,676
Private placement	—	683,503
Warrants exercised	—	36,405
Debenture conversion	—	80,479
Ending balance	5,926,063	5,125,676
Number of shares	2016 (number)	2015 (number)
Opening balance	67,923,781	53,793,779
Private placement	—	13,000,002
Warrants exercised	—	230,000
Debenture conversion	—	900,000
Ending balance	67,923,781	67,923,781

On February 1, 2015, as part of a private placement, the Company issued 10,000,002 common shares at \$0.075 per share, and of 10,000,000 warrants at the exercise price of \$0.15 for a period of two years following the closing of the private placement for a total amount of \$750,000.

On February 2, 2015, as part of a private placement, the Company issued 3,000,000 common shares at \$0.10 per share, and of 3,000,000 warrants at the exercise price of \$0.17 for a period of two years following the closing of the private placement for a total amount of \$300,000.

February 28, 2015, as part of a conversion of a Debenture into shares, the Company issued 900,000 common shares at \$0.10 per share for a total of \$90,000.

February 13, 2015, the Company issued 60,000 common shares at \$0.15 per share to a holder of Warrants exercised its right to purchase shares in the amount of \$9,000.

February 18, 2015, the Company issued 100,000 common shares at \$0.15 per share to a holder of Warrants exercised its right to purchase shares in the amount of \$15,000.

On May 5, 2015, 70,000 warrants have been converted to 70,000 common shares at the unit price of \$0.15 for a total amount of \$10,500.

INTEMA SOLUTIONS INC.

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Six months ended June 30, 2016 and 2015

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Note 19. Equity (cont'd)

Warrants issued to shareholders

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

	Number	Average exercise price
Outstanding as at January 1, 2015	11,675,960	\$0.193
Issued	13,900,002	\$0.152
Converted	(230,000)	\$0.15
Expired	(2,280,000)	\$0.138
Outstanding December 31, 2015	23,065,962	\$0.174
Issued	150,000	\$0.075
Expired	(65,960)	\$0.17
Outstanding June 30, 2016	23,150,002	\$0.173

- Broker fees for the April 2016 debenture consist to 150,000 warrants at \$0.05 for the first twelve months and \$0.10 maturing April 19, 2018 at fair value of \$1,365 .

- February 26, 2016, 65,960 warrants have expired without being exercised . The fair value in the amount of \$455 allocated to these warrants was reclassified to contributed surplus

- On January 30, 2015, the Company issued 900,000 warrants with the issuance of convertible debentures. They were recognized as a reduction of share capital at fair value of \$11,430.

- On February 1, 2015, the Company issued 10,000,002 warrants within a non-brokered private placement. They were recognized as a reduction of share capital at fair value of \$204,413.

- On February 2, 2015, the Company issued 3,000,000 warrants within a non-brokered private placement. They were recognized as a reduction of share capital at fair value of \$77,007.

- On February 13, 2015, a Shareholder has converted 60,000 warrants at the unit price of \$0.15 totalling \$9,000;

- On February 18, 2015, a Shareholder has converted 100,000 warrants at the unit price of \$0.15 totalling

- On May 5, 2015, a Shareholder has converted 70,000 warrants at the unit price of \$0.15 totalling \$10,500;

- On May 3, 2015, 1,380,000 warrants have expired without being exercised . The fair value in the amount of \$11,540 allocated to these warrants was reclassified to contributed surplus

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

Expected life of the warrants	1 to 2 years
Expected volatility	81,0 % to 102 %
Risk-free interest rate	0,41 % to 0,42 %

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.

INTEMA SOLUTIONS INC.

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Note 19. Equity (cont'd)

Warrants issued to shareholders (cont'd)

Moreover, if the stock 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 warrants as at June 30, 2016:

	Number of options	Number of options	Weighted average remaining term (years)	Weighted average exercise price
August 2016		10,000,000	0,11	\$0.20
February 2017		10,000,002	0,61	\$0.15
February 2017		3,000,000	0,61	\$0.17
April 2018		150,000	1,83	\$0.075
		23,150,002	0,39	0.172 \$

Remuneration and Stock-based Compensation

The shareholders of the Company have adopted shared-based compensation plans under which members of the Board of Directors may award 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 plans is 2,600,000.

The total number of common shares reserved for stock-based compensation 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-based compensation 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-based compensation 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.

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 31, 2016 and 2015

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Note 19. Equity (Cont'd)

Remuneration and Stock-based Compensation (cont'd)

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 1st, 2015	1,775,000	\$0.10
Forfeited / Expired	900,000	\$0.105
Granted	(100,000)	\$0.10
Outstanding as at December 31, 2015	2,575,000	\$0.102
Outstanding June 30, 2016	2,575,000	\$0.102

During the year ended December 31, 2015, the Company canceled 100,000 stock options granted to non-employees at an exercise price of \$0.10.

During the year ended December 31, 2014, the Company canceled 450,000 stock options granted to employees and 600,000 to non-employees at an exercise price of \$0.10.

Compensation expense and other payments based on shares on the 900,000 options granted to directors and officers for the year ended December 31, 2013 is \$28,980 and was recorded in net income under option expense stock.

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	4 years
Expected volatility	78 %
Risk-free interest rate	0.54 %

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

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Note 19. Equity (Cont'd)

Remuneration and Stock-based Compensation (cont'd)

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 options granted. 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 options granted. Moreover, if the stock 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, 2016

Expiring	Number of options	Weighted average remaining term (years)	Weighted average exercise price \$
October 2017	825,000	1,25	\$0.10
November 2018	850,000	2,39	\$0.10
February 2019	900,000	2,65	\$0.105
	2,575,000	2,11	\$0.102

Summary table of outstanding and exercisable options as at December 31, 2015

Expiring	Number of options	Weighted average remaining term (years)	Weighted average exercise price \$
October 2017	825,000	1,75	\$0.10
November 2018	850,000	2,89	\$0.10
February 2019	900,000	3,15	\$0.105
	2,575,000	2,61	\$0.102

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

Six months ended June 30, 2016 and 2015

(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 20. Information on Cash Flows

Change in working capital items are detailed as follows:

Exercises ended as at June 30,	2016 (unaudited) \$	2015 (audited) \$
Trade and other receivables	7,086	17,114
Work in process	27,849	7,922
Prepaid expenses	(18,374)	(20,763)
Research and Development Tax Credit recoverable	(89,436)	(142,004)
Trade and other creditors	109,704	(95,654)
Employees benefits	189,635	(130,440)
Deferred income	(71,582)	(18,243)
	154,882	(382,068)

Items not affecting cash:

Portion of Shares issued in surplus	—	—
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Note 21. Commitments

The Company is committed to pay under long-term leases agreements, an amount of pay \$541,532 by December 31, 2019. The payments are as follows over the next four years: 2016 - \$80,640; 2017 - \$154,068; 2018 - \$153,412 and 2019 - \$153,412.

Note 22. Related Party Transactions

During the period ended June 30, 2016, and December 31, 2015, the Company made the following transactions with certain of its officers and directors and companies controlled by officers or directors of Intema Solutions Inc.

The transactions were carried out in the normal course of operations. They are measured at the fair value, which is the amount of consideration established with non related parties.

INTEMA SOLUTIONS INC.

Notes to Interim Condensed Financial Statements

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(all amounts are in Canadian dollars, until indication)

(unaudited)

Note 22. Related Party Transactions (cont'd)

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 ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	\$	\$	\$	\$
Salaries and Benefits	53,185	50,148	100,456	100,306
Professional fees	13,400	26,645	32,000	46,185
	66,585	76,823	132,456	146,491

Salaries and benefits include the remuneration of the President and Chief Executive Officer and the Chief Operating Officer and various indirect benefits.

The remuneration payable to directors totalled \$127,860 at June 30, 2016 (\$96,173 at June 30, 2015)

Note 23 Economic Dependence

During the quarter ended June 30, 2016, the Company made sales to two major clients for amounts totalling \$60,041 (\$131,061 in 2015) and \$271,902 (\$218,906 in 2015), respectively.

The management of the Company assesses the degree of dependence associated with those clients as important given the recurrence of their contracts.

Note 23 Events after the reporting period

July 21, 2016, 9,233,000 warrants at \$0.20 per unit were extended for an additional year ending August 8, 2017 .