



Interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

(unaudited and not reviewed by independent auditors)

Interim condensed consolidated statements of financial position

(in thousands of Canadian dollars) (unaudited)	Sept 30, 2011 \$	March 31, 2011 \$	April 1, 2010 \$
Assets			
Current assets			
Cash and cash equivalents	33,446	30,026	34,360
Cash held for the benefit of third parties	1,882	2,995	4,026
Accounts receivable	5,161	5,136	4,479
Income taxes receivable	614	-	-
Tax credits receivable	2,585	3,060	1,363
Prepaid expenses	610	820	712
Derivative financial instruments	-	866	574
	44,298	42,903	45,514
Non-current assets			
Fixed assets	2,716	3,099	1,423
Intangible assets	521	594	894
Acquired intangible assets	4,430	5,311	2,675
Goodwill	27,591	27,591	25,991
Deferred taxes	7,602	7,365	5,510
	87,158	86,863	82,007
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,040	5,524	4,231
Other accounts payable	2,639	3,510	5,465
Income taxes payable	-	472	390
Deferred revenue	9,964	9,976	8,717
Current portion of long-term debt	158	124	-
Derivative financial instruments	817	-	-
Current portion of deferred lease inducement	119	119	-
	17,737	19,725	18,803
Non-current liabilities			
Long-term debt	62	163	-
Deferred lease inducement	1,042	1,102	-
Deferred taxes	1,622	1,937	805
	20,463	22,927	19,608
Shareholders' equity			
Share capital	47,593	47,236	47,809
Reserves	2,979	4,247	4,181
Retained earnings	16,123	12,453	10,409
	66,695	63,936	62,399
	87,158	86,863	82,007

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of changes in shareholders' equity

Six months ended September 30, 2011

(in thousands of Canadian dollars) (unaudited)	Reserves				Total	Retained earnings	Total
	Share capital	Equity-settled employee benefits reserve	Discount on share buy-back	Cash flow hedging reserve			
	\$	\$	\$	\$	\$	\$	\$
Balance as at March 31, 2011	47,236	3,637	-	610	4,247	12,453	63,936
Net earnings for the period					-	5,905	5,905
Other comprehensive income for the period, net of income tax				(1,186)	(1,186)		(1,186)
Comprehensive income for the period	-	-	-	(1,186)	(1,186)	5,905	4,719
Buy-back of ordinary shares for cancellation	(18)				-	(42)	(60)
Dividends declared on ordinary shares					-	(2,193)	(2,193)
Stock-based compensation expense		5			5		5
Issue of ordinary shares under the stock option plan	375	(87)			(87)		288
Balance as at September 30, 2011	47,593	3,555	-	(576)	2,979	16,123	66,695

Six months ended September 30, 2010

(in thousands of Canadian dollars) (unaudited)	Reserves				Total	Retained earnings	Total
	Share capital	Equity-settled employee benefits reserve	Discount on share buy-back	Cash flow hedging reserve			
	\$	\$	\$	\$	\$	\$	\$
Balance as at April 1, 2010	47,809	3,644	139	398	4,181	10,409	62,399
Net earnings for the period						4,172	4,172
Other comprehensive income for the period, net of income tax				(267)	(267)		(267)
Comprehensive income for the period	-	-	-	(267)	(267)	4,172	3,905
Buy-back of ordinary shares for cancellation	(853)		(139)		(139)	(1,106)	(2,098)
Dividends declared on ordinary shares					-	(1,948)	(1,948)
Stock-based compensation expense		46			46		46
Issue of ordinary shares under the stock option plan	262	(56)			(56)		206
Balance as at September 30, 2010	47,218	3,634	-	131	3,765	11,527	62,510

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of income

(in thousands of Canadian dollars) (unaudited)	Three months ended September 30		Six months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
Revenues	12,706	11,420	25,343	22,665
Cost of revenues	2,439	2,319	5,088	4,912
Gross margin	10,267	9,101	20,255	17,753
Operating expenses				
General and administrative	2,163	1,989	4,373	3,671
Selling and marketing	2,254	2,138	4,671	4,282
Technology	2,118	1,740	4,254	3,585
	6,535	5,867	13,298	11,538
Operating profit	3,732	3,234	6,957	6,215
Other revenues (expenses), net (Note 10 b))	902	(191)	800	119
Earnings before income taxes	4,634	3,043	7,757	6,334
Income tax expense	887	1,142	1,852	2,162
Net earnings for the period	3,747	1,901	5,905	4,172
Earnings per share				
Basic	0.27	0.14	0.43	0.30
Diluted	0.27	0.14	0.43	0.30
Weighted average number of shares outstanding				
Basic	13,705,154	13,872,675	13,693,799	13,886,078
Diluted	13,740,255	13,889,449	13,732,701	13,904,907
Number of shares outstanding at end of period	13,709,275	13,683,392	13,709,275	13,683,392

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of comprehensive income

(in thousands of Canadian dollars) (unaudited)	Three months ended September 30		Six months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
Net earnings for the period	3,747	1,901	5,905	4,172
Reclassification of realized gains on foreign currency forward contracts, net of deferred taxes	(184)	(4)	(328)	(100)
Change in unrealized gains (losses) on foreign currency forward contracts, net of deferred taxes	(904)	288	(858)	(167)
	(1,088)	284	(1,186)	(267)
Comprehensive income for the period	2,659	2,185	4,719	3,905

Refer to the notes to the consolidated financial statements.

Interim condensed consolidated statements of cash flows

	Three months ended September 30		Six months ended September 30	
(in thousands of Canadian dollars) (unaudited)	2011	2010	2011 \$	2010 \$
CASH FLOWS RELATED TO				
Operating activities				
Net earnings for the period	3,747	1,901	5,905	4,172
Adjustments for				
Depreciation of fixed assets	229	271	494	566
Amortization of intangible assets	101	126	192	310
Amortization of acquired intangible assets	445	173	881	345
Amortization of deferred lease inducement	(30)	-	(60)	-
Foreign exchange	(696)	-	(649)	-
Stock-based compensation	-	14	5	46
Deferred taxes	(291)	485	(55)	794
Gain on disposal of fixed assets	(1)	-	(3)	-
Income tax expense recognized in profit or loss	1,178	657	1,907	1,368
Change in non-cash working capital items (Note 10 a))	305	1,303	(1,846)	(1,556)
Income taxes paid	(1,355)	(1,205)	(2,993)	(1,960)
	3,632	3,725	3,778	4,085
Investing activities				
Acquisition of fixed assets	(43)	(394)	(113)	(445)
Acquisition of intangible assets	(47)	-	(119)	-
Proceeds on disposal of fixed assets	3	-	5	4
	(87)	(394)	(227)	(441)
Financing activities				
Repayment of long-term debt	(34)	-	(67)	-
Buy-back of share capital for cancellation	-	(2,098)	(60)	(2,098)
Issue of share capital	29	88	288	206
Cash dividends paid on ordinary shares	(1,096)	(1,948)	(2,054)	(1,948)
	(1,101)	(3,958)	(1,893)	(3,840)
Net change in cash and cash equivalents for the period	2,444	(627)	1,658	(196)
Effect of exchange rate changes on cash and cash equivalents	696	-	649	-
Cash and cash equivalents at the beginning of the period	32,188	38,817	33,021	38,386
Cash and cash equivalents at the end of the period	35,328	38,190	35,328	38,190
Cash and cash equivalents include the following items in the statement of financial position:				
Cash and cash equivalents	33,446	34,448	33,446	34,448
Cash held for the benefit of third parties	1,882	3,742	1,882	3,742

Refer to the notes to the consolidated financial statements.

1 Incorporation and nature of operations

Technologies Interactives Mediagrif Inc. / Mediagrif Interactive Technologies Inc. (the Company) conducts business through its wholly-owned subsidiaries and owns interests in two joint ventures. The Company and its subsidiaries and joint ventures (the Group) delivers innovative e-commerce solutions to businesses. Its web platforms enable clients to find, purchase and sell products, exchange information, gain access to business opportunities and manage supply chain collaboration with greater speed and efficiency.

The Company, incorporated on February 16, 1996 under the Canada Business Corporations Act, is listed on the Toronto Stock Exchange. Its head office is located at 1111 St-Charles West, Suite 255, Longueuil, Quebec, Canada, J4K 5G4.

The publication of the interim condensed consolidated unaudited financial statements was authorized by the Board of Directors on November 14, 2011.

Amounts are expressed in thousands of Canadian dollars, unless indicated otherwise.

Notes to the interim condensed consolidated financial statements
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2 Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34, *Interim Financial Reporting* (IAS 34), through the application of accounting principles that are compliant with International Financial Reporting Standards (IFRS).

These financial statements serve as the Company's second interim financial report prepared under IAS 34 for part of the period to be covered by its first annual consolidated IFRS financial statements, which will be prepared as at March 31, 2012. The Company has therefore applied IFRS 1 *First-time Adoption of International Financial Reporting Standards* (IFRS 1), in preparing them. In this context, the Company decided not to use the minimum requirements in order to present the Company's accounting principles in accordance with IFRS, and the additional information required under IFRS, which also highlight changes made when compared to the Company's annual consolidated financial statements as at March 31, 2011 prepared in accordance with Canadian generally accepted accounting principles (GAAP). For fiscal years 2012 and thereafter, the Company may not present as much information in the interim condensed consolidated financial statements prepared under IFRS, as the reader will be able to refer to the annual consolidated financial statements that will have been prepared in accordance with IFRS. These consolidated financial statements should be read in conjunction with the 2011 annual consolidated financial statements of the Company and the consolidated financial statements of the Company for the three-month period ended June 30, 2011.

Significant accounting policies applied by the Company under IFRS are described in note 2 to the consolidated financial statements for the three-month period ended June 30, 2011. Additional information on the transition to IFRS is also provided in note 12 to the consolidated financial statements for the three-month period ended June 30, 2011.

The Company has selected accounting principles that will enable it to comply with the IFRS that will be in effect as at March 31, 2012, i.e., the closing date of the first year for which the Company's annual consolidated financial statements will be prepared under IFRS. Since IFRS are currently evolving, the accounting principles described in this report may be subject to change when determining the principles that will be used to prepare the Company's first annual IFRS consolidated financial statements as at March 31, 2012.

The Company's consolidated financial statements had previously been prepared in accordance with Canadian GAAP. Note 11 explains how the transition from Canadian GAAP to IFRS has impacted the Group's interim condensed consolidated financial statements.

3 Management's estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the year and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Management reviews its estimates regularly, and revisions to accounting estimates are recognized in the period in which the estimate is revised—if the revision affects only that period—or in the period of the revision and future periods if the revision affects both the period being reviewed and future periods. Actual results may differ from these estimates.

Estimates

The following items require the greatest use of management estimates: amortization methods; useful lives of assets; impairments of assets, including goodwill, intangible assets and acquired intangible assets; purchase price allocations; stock-based compensation; collection of accounts receivable; measurements of provisions; determining the stage of completion of certain revenue agreements; fair values of financial instruments; measurements of deferred income tax assets and liabilities, tax credits and income tax expense.

Judgments

The critical accounting policy judgments that have the greatest impact on amounts reported in the consolidated financial statements include the following : identifying identifiable assets when allocating the purchase price during a business combination, the allocation of goodwill to cash-generating units, identifying indications of impairment of long-lived assets and goodwill, determining units of accounting as well as the measurement and allocation of considerations expected by multiple element revenue arrangements, and determining the expenses incurred internally with respect to technology relating to the development of software and websites that may be capitalized.

4 New and revised IFRS, issued but not yet effective

Standard/Interpretation	Effective date for the Group	Presentation and impact on the Group
IFRS 9 <i>Financial instruments</i>	Annual period beginning on April 1, 2013 (*)	This is the first of the three phases of IFRS 9, <i>Financial Instruments</i> , which will replace IAS 39 <i>Financial Instruments – Recognition and Measurement</i> . This first phase addresses the classification and measurement of financial assets. The Group has not yet examined the impacts of this first phase.
IFRS 10 <i>Consolidated Financial Statements</i>	Annual period beginning on April 1, 2013 (**)	IFRS 10 replaces the current version of IAS 27, <i>Consolidated and Separate Financial Statements</i> , and SIC 12, <i>Consolidation – Special Purpose Entities</i> . IFRS 10 introduces a unique consolidation model for all entities that is based on the notion of control, regardless of the nature of the entity. The Group's detailed analysis of the new standards and the amended consolidation standards and their impacts on the Group are forthcoming.
Amendment to IAS 27 <i>Consolidated Financial Statements</i>	Annual period beginning on April 1, 2013 (**)	The rules related to separate financial statements are unchanged and are part of the amended version of IAS 27. Other sections of IAS 27 have been replaced by IFRS 10.
IFRS 11 <i>Joint Arrangements</i>	Annual period beginning on April 1, 2013 (**)	IFRS 11 supersedes IAS 31 <i>Interests in Joint Ventures</i> and SIC 13 <i>Jointly Controlled Entities – Non-Monetary Contributions by Venturers</i> . It introduces new requirements for joint arrangements. The option to apply proportionate consolidation to companies under joint control (which allows the parent company to record its share in the entity under joint control in its consolidated statement of financial position and income statement) has been removed. The impacts of this standard will be significant because of the elimination of this proportionate consolidation method.
IFRS 12 <i>Disclosure of Interests in Other Entities</i>	Annual period beginning on April 1, 2013 (**)	IFRS 12 sets out all of the disclosures for interests in subsidiaries, joint agreements, associates, and structured entities.
IFRS 13 <i>Fair value measurement</i>	Annual period beginning on April 1, 2013 (**)	IFRS 13 defines fair value, sets out a framework for measuring fair value and provides disclosure requirements about fair value measurement. This standard applies when other IFRS require or permit fair value measurement.

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Standard/Interpretation	Effective date for the Group	Presentation and impact on the Group
IAS 28 <i>Investments in Associates and Joint Ventures</i>	Annual period beginning on April 1, 2013 (**)	IAS 28 is now entitled <i>Investments in Associates and Joint Ventures</i> . IAS 28 was amended to be consistent with the changes made following the release of IFRS 10, IFRS 11 and IFRS 12.
Amendment to IAS 1 <i>Presentation of Financial Statements</i>	Annual period beginning on April 1, 2013 (*)	The amendments require that the items of other comprehensive income that may subsequently be reclassified be grouped together in the net profit or loss section of the statement of income.
Amendment to IAS 19 <i>Employee Benefits</i>	Annual period beginning on April 1, 2013 (*)	The amendments focus primarily on defined benefit plans (no impact for the Group as it does not have this type of plan), on the definition of short-term benefits (the impact of which broadens the definition of other long-term benefits) and on severance payments. The Group has not yet examined the impacts of these amendments.

(*) Early adoption permitted.

(**) Early adoption permitted provided that IFRS 10, IFRS 11, IFRS 12, and amended standards IAS 27 and IAS 28 are all adopted on the same date.

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5 Segment information

The Group has only one reportable segment.

Geographical information is as follows:

	Three months ended September 30		Six months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
(in thousands of Canadian dollars)				
Revenues				
Canada	5,565	4,712	10,880	9,516
United States	5,501	4,920	11,082	9,682
Europe	432	524	888	1,044
Asia and other	1,208	1,264	2,493	2,423
	12,706	11,420	25,343	22,665
(in thousands of Canadian dollars)				
Non-current assets				
Canada		9,123	10,044	3,851
United States		26,118	26,524	27,084
Asia and other		17	27	48
		35,258	36,595	30,983

It should be noted that the Company's acquisition of all the shares of InterTrade Systems Inc. ("InterTrade"), completed on December 22, 2010 (i.e. during the third quarter of 2011) had no impact on the identification of operating segments but explains part of the change in revenues between the six months ended September 30, 2011, and the six months ended September 30, 2010 as well as the first quarter ended September 30, 2011 and the first quarter ended September 30, 2010. More information on this acquisition can be found in the financial statements as at March 31, 2011.

Revenues are attributed to geographic areas based on the location of the customers.

Non-current assets include fixed assets, intangible assets, acquired intangible assets and goodwill.

When compared with the last annual financial statements, there are no differences in the basis of segmentation or in the basis of measuring segment results.

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6 Share capital

- a) Authorized, unlimited number
Ordinary shares
Preferred shares, issuable in series with terms, conditions and dividends to be determined by the Board of Directors upon issuance
- b) The following table summarizes ordinary share transactions for the six-month periods ended September 30:

(in thousands)	2011		2010	
	Number of shares	Amount \$	Number of shares	Amount \$
Balance at beginning of period	13,681	47,236	13,895	47,809
Buy-back for cancellation (Note 6 b) i))	(5)	(18)	(247)	(853)
Exercise of stock options (Note 6 b) ii))	33	375	35	262
Balance at the end of the period	13,709	47,593	13,683	47,218

- i) During the six-month period ended September 30, 2011, the Company bought back 5,279 of its ordinary shares (247,352 in 2011), for a cash consideration of \$60,479 (\$2,098,068 in 2011), in connection with its normal course issuer bid. An average issue price of \$3.46 (\$3.45 in 2011) per share before buyback was recorded as a deduction from Share capital in a total amount of \$18,241 (\$852,523 in 2011), with the balance charged to Retained earnings or to Discount on share buy-back.
- ii) During the six-month period ended September 30, 2011, stock options were exercised in order to acquire 33,000 ordinary shares (35,000 in 2011) for a cash consideration of \$288,370 (\$206,150 in 2011), i.e., \$8.74 per share (\$5.89 in 2011). In addition, an amount of \$86,468 was credited to Share capital, representing the Stock-based compensation initially recognized in the Equity-settled employee benefits reserve in regards to the options exercised (\$55,954 in 2011).
- c) Dividends paid

2011

On June 8, 2010, the Company announced the payment of a cash dividend in an amount of \$0.14 per share, payable on July 15, 2010 to shareholders of record at the close of business on July 1, 2010.

2012

On February 8, 2011, the Company announced the payment of a cash dividend in an amount of \$0.07 per share, payable on April 15, 2011 to shareholders of record at the close of business on April 1, 2011.

On June 14, 2011, the Company announced the payment of a cash dividend in an amount of \$0.08 per share, payable on July 15, 2011 to shareholders of record at the close of business on July 4, 2011.

7 Stock-based compensation

The Group has two stock-based compensation plans.

a) Share purchase plan

The Group established a share purchase plan for regular full-time and part-time employees who are Canadian residents. Directors are not eligible to participate in this plan. Under the terms of the plan, employees may elect to contribute, through payroll deductions, up to 5% of their annual income up to a maximum of \$5,000 annually to purchase ordinary shares of the Group on the open market. Under the plan, the Group matches employee contributions to the plan up to a maximum contribution of \$1,100 per employee for the year ended March 31, 2012 (\$1,000 in 2011). Employees must hold the portion of shares purchased with the Company's contribution for a period of 12 months. The purchase price of shares under the plan has to be equal to the market price of the Company's ordinary shares on the purchase date.

b) Stock option plan

The Group maintains a stock option plan. Under this plan, the maximum number of shares that may be issued pursuant to the exercise of options is 3,375,351, and the maximum number of shares that may be issued in the aggregate to any single individual may not exceed 5% of the number of ordinary shares issued and outstanding at the grant date. The exercise price of options granted under the plan, as determined by the Board of Directors, may not be less than the market price of the Company's ordinary shares at the grant date, the market price being the closing price per share on the Toronto Stock Exchange on the last trading day immediately preceding the grant date.

From June 2006 to March 2007, granted options vested over a period of three years in tranches of 30%, 30% and 40% becoming exercisable after 12, 24 and 36 months, respectively, following the grant date, except for options granted to executives, which vested 12 months following the grant date. Since March 2007, new options granted vest over a three-year period and are exercisable 36 months following the grant date, except for options granted to executives, which vested 12 months after the grant date. The vesting period is determined by the Board of Directors. Options granted under this plan expire no later than five years after the grant date.

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The following table summarizes stock option activity under this plan during the six-month periods ended September 30:

Stock option activity	2011		2010	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance at beginning of period	157,500	8.44	594,900	8.92
Granted	-	-	-	-
Exercised	(33,000)	8.74	(35,000)	5.89
Waived	-	-	(265,700)	8.78
Expired	-	-	(85,000)	11.15
Balance at end of period	124,500	8.35	209,200	8.69

The following stock options granted under the employee stock option plan were exercised during the six-month periods ended September 30:

Exercised options	2011			2010		
	Number of options exercised	Exercise date	Share price at exercise date \$	Number of options exercised	Exercise date	Share price at exercise date \$
Series of options						
Issued on April 16, 2008	3,000	June 15, 2011	11.60	20,000	June, 15 2010	8.34
Issued on June 1, 2006	25,000	June 29, 2011	11.48	15,000	Sept 21, 2010	8.50
Issued on April 16, 2008	5,000	Sept 14, 2011	11.26			
	33,000		11.46	35,000		8.41

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The following table summarizes information about stock options outstanding as at September 30, 2011:

Outstanding, exercisable options				
	Exercise price	Number of options	Weighted average remaining life	Weighted average exercise price
	\$		(years)	\$
	5.89	39,500	1.54	5.89
	9.50	85,000	0.68	9.50
		124,500	0.95	8.35

No stock options were granted during the periods ended September 30, 2011 and 2010.

8 Earnings per share

The following table shows the weighted average number of shares outstanding used in calculating the basic and diluted earnings per share information for the six-month periods ended September 30:

(in thousands)	Three months ended		Six months ended	
	September 30	September 30	September 30	September 30
	2011	2010	2011	2010
Weighted average number of shares outstanding				
Basic	13,705	13,873	13,694	13,886
Dilutive effect of stock options	35	16	39	19
Diluted	13,740	13,889	13,733	13,905

As at September 30, 2010, options to purchase 161,700 shares at a weighted average price of \$9.51 per share were outstanding; however, these options were not included in the diluted earnings per share calculation because the exercise price was greater than the average price of the shares.

The stock options have no effect on the numerator used to calculate basic earnings per share and diluted earnings per share.

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9 Nature of expenses

Operating profit includes the following items:

	Six months ended September 30		Three months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
(in thousands of Canadian dollars)				
Depreciation and amortization				
Fixed assets	229	271	494	566
Intangible assets	101	126	192	310
Acquired intangible assets	445	173	881	345
Total	775	570	1,567	1,221
Employee benefits expense				
Salaries and employee benefits	5,259	5,458	11,268	10,800
Stock-based compensation	-	14	5	46
Termination benefits	100	288	183	293
Total	5,359	5,760	11,456	11,139

10 Change in non-cash working capital items and other revenues (expenses)

a) Changes in non-cash working capital items are as follows:

	Six months ended September 30		Three months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
(in thousands of Canadian dollars)				
Decrease (increase) in				
Accounts receivable	1,143	1,021	(25)	(226)
Tax credits receivable	604	(338)	475	(664)
Prepaid expenses	21	(188)	210	(104)
Increase (decrease) in				
Accounts payable and accrued liabilities	(483)	(399)	(1,623)	(1,189)
Other accounts payable	(443)	1,375	(871)	(123)
Deferred revenue	(537)	(168)	(12)	750
	305	1,303	(1,846)	(1,556)

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b) Other revenues (expenses) consist of the following:

	Six months ended September 30		Three months ended September 30	
	2011 \$	2010 \$	2011 \$	2010 \$
(in thousands of Canadian dollars)				
Interest income	57	60	113	103
Exchange gain (loss)	845	(211)	686	98
Other revenues (expenses)	-	(40)	1	(82)
	902	(191)	800	119

11 Conversion to International Financial Reporting Standards (IFRS)

The Company's first consolidated financial statements issued in accordance with IFRS will be the annual consolidated financial statements prepared as at March 31, 2012 in accordance with IFRS in effect on that date. These financial statements will present comparative figures for the year ended March 31, 2011 and the opening statement of financial position as at April 1, 2010 (the "transition date") restated in accordance with these IFRS. The impacts of the transition will be recorded in opening shareholders' equity.

These financial statements as at September 30, 2011 are interim condensed consolidated financial statements that have been prepared in accordance with the accounting policies described in Note 2 to the Company's financial statements for the three-months period ended June 30, 2011, and by applying IFRS 1, as described below.

The opening statement of financial position prepared in accordance with these principles and presented in this document may be modified in other interim financial statements during the year and in the annual financial statements if IFRS were to change in subsequent periods. Should this occur, the Company will explain any changes in the note on conversion.

IFRS 1: Exemptions and exceptions

When preparing these first interim condensed consolidated financial statements in accordance with IFRS 1, the Company retrospectively applied IFRS except when it decided to use an optional exemption or when this was required under IFRS 1.

The Company has applied the following exemptions:

- Business combinations: the Company has decided not to retrospectively apply IFRS 3, *Business Combinations*, to business combinations that occurred before the transition date, i.e., April 1, 2010. Application of this exemption had no impact on the goodwill recognized on business combinations that occurred before the transition date.
- Share-based payment transactions: the Company has applied IFRS 2, *Share-based Payment*, only to equity instruments that were granted after November 7, 2002 and whose rights had not yet vested on the date of transition to IFRS.
- Cumulative translation differences: the Company reduced cumulative translation differences to zero for all its foreign operations on the transition date by crediting opening retained earnings. Consequently the gain or loss on a subsequent disposal of any foreign operation will exclude translation differences that arose before the date of transition to IFRS and will include later translation differences.

Reconciliations between Canadian GAAP and IFRS

The following tables present the impact of this conversion on the Company's financial position, financial performance and cash flows.

Notes to the interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

Reconciliation of the statement of income for the three months ended September 30, 2010

(in thousands of Canadian dollars)	Sept 30 2011 \$	Adjust- ments \$	Reclassifi- cations \$	Sept 30 2011 \$	In IFRS
In Canadian GAAP					
Revenues	11,420			11,420	Revenues
Cost of revenues	2,318	1 d	-	2,319	Cost of revenues
Gross margin	9,102	(1)	-	9,101	Gross margin
Operating expenses					Operating expenses
General and administrative	1,970	5 d	14 h	1,989	General and administrative
Sales and marketing	1,944	4 d	190 h,i	2,138	Selling and marketing
Technology	1,688	16 d	36 h	1,740	Technology
Amortization of acquired intangible assets	173		(173) h	-	
Stock-based compensation	13	1 a	(14) h	-	
	5,788	26	53	5,867	
Earnings from operations	3,314	(27)	(53)	3,234	Operating profit
Other revenues (expenses), net	(244)		53 h	(191)	Other revenues (expenses), net
Earnings before income taxes	3,070	(27)	-	3,043	Earnings before income taxes
Provision for income taxes	1,131	11 b		1,142	Income tax expense
Net earnings for the period	1,939	(38)	-	1,901	Net earnings for the period

Notes to the interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

Reconciliation of the statement of income for the six months ended September 30, 2010

(in thousands of Canadian dollars)	Sept 30 2011 \$	Adjust- ments \$	Reclassifi- cations \$	Sept 30 2011 \$	In IFRS
In Canadian GAAP					
Revenues	22,665			22,665	Revenues
Cost of revenues	4,910	2 d	-	4,912	Cost of revenues
Gross margin	17,755	(2)	-	17,753	Gross margin
Operating expenses					Operating expenses
General and administrative	3,616	9 d	46 h	3,671	General and administrative
Sales and marketing	3,899	8 d	375 h,i	4,282	Selling and marketing
Technology	3,480	33 d	72 h	3,585	Technology
Amortization of acquired intangible assets	345		(345) h	-	
Stock-based compensation	(347)	393 a	(46) h	-	
	10,993	443	102	11,538	
Earnings from operations	6,762	(445)	(102)	6,215	Operating profit
Other revenues (expenses), net	17		102 i	119	Other revenues (expenses), net
Earnings before income taxes	6,779	(445)	-	6,334	Earnings before income taxes
Provision for income taxes	2,199	(37) b		2,162	Income tax expense
Net earnings for the period	4,580	(408)	-	4,172	Net earnings for the period

Notes to the interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

Reconciliation of shareholders' equity

(in thousands of Canadian dollars)	March 31 2011 \$	June 30 2010 \$	April 1 2010 \$
Shareholders' equity under Canadian GAAP	64,191	62,770	62,644
Adjustments:			
Share-based payments (a)	-	-	-
Incomes taxes (b)	(255)	(208)	(245)
Fixed assets (d)	-	(52)	-
Shareholders' equity under IFRS	63,936	62,510	62,399

Reconciliation of comprehensive income

(in thousands of Canadian dollars)	Three months ended September 30, 2010 \$	Six month ended September 30, 2010 \$
Comprehensive income for the period under Canadian GAAP	2,223	4,313
Adjustments:		
Share-based payments (a)	(1)	(393)
Incomes taxes (b)	(11)	37
Fixed assets (d)	(26)	(52)
Comprehensive income for the period under IFRS	2,185	3,905

Concerning the statement of cash flows:

- The conversion to IFRS did not have a significant impact on the total cash flows from operating activities, investing activities and financing activities for the quarter and the six months ended September 30, 2010.
- However, for the year ended March 31, 2011, conversion to IFRS reduced cash flows related to operating activities by \$904,084 and reduced cash flows related to investing activities by the same amount. This difference is related to the exception permitted under Canadian GAAP under which certain transactions may be considered a cash inflow followed by a cash outflow rather than as a non-cash transaction when a third party pays a supplier directly on behalf of the Group. This exception does not exist under IFRS.

Notes to the interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

Explanations of adjustments

a. Share-based payments

The Company has chosen to apply the exemption proposed in IFRS 1. As part of the conversion, the Company:

- did not restate equity instruments granted up to November 7, 2002 and those granted after November 7, 2002 but which vested before April 1, 2010, the date of transition to IFRS;
- applied the accounting policy described in Note 2 to the consolidated financial statements for the three-month period ended June 30, 2011, to equity instruments that were granted after November 7, 2002 and that had not vested as at April 1, 2010.

The differences between the previously applied accounting principle and IFRS 2 affect the following:

- Recognition and measurement of the expense related to the granting of equity instruments that vest in instalments.
 - Under Canadian GAAP, the Company recognized the total fair value of options as an expense, applying a straight-line method for the duration of the vesting period.
 - Under IFRS, when options vest in instalments, each tranche is considered a separate grant, with the compensation cost amortized accordingly.
- Application of a cancellation rate
 - Under Canadian GAAP, the Company recognized cancellations on the date they occurred.
 - Under IFRS, the Company must recognize an amount based on the best available estimate of the number of equity instruments expected to vest, and it must revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates.

The Company has adjusted the share-based payment expense to take these differences into account.

b. Income taxes

The differences between Canadian GAAP and IFRS have had the following impacts on income taxes:

Temporary differences related to intangible assets

Under Canadian GAAP, deferred income taxes are calculated based on temporary differences, i.e., the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet. Under the *Income Tax Act* (Canada), certain eligible capital expenditures are deductible for tax purposes in an amount of up to 75% of the cost incurred upon acquisition. Section 3465, *Income taxes*, addresses this specific situation, stating that, for these assets, the tax basis at any point in time is the balance in the cumulative eligible capital pool, plus 25% of their carrying amount.

Under IFRS, the definition of temporary differences is generally the same as under GAAP. However, IFRS do not provide specific guidance on how to determine the tax basis of eligible capital, as in the situation described above. As a result, the tax basis of these assets, not including the 25% adjustment to the carrying amount allowed under GAAP, should be compared with the carrying amount appearing on the statement of financial position in order to determine the temporary difference.

Notes to the interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

Non-monetary assets and liabilities of integrated foreign operations

Under Canadian GAAP, no future income tax asset or liability can be recognized on a temporary difference arising from the difference between the historical exchange rate and the current exchange rate translations of the cost of non-monetary assets or liabilities of integrated foreign operations.

The concept of integrated or autonomous foreign operations does not exist under IFRS. Entities must determine a functional currency based on the criteria prescribed in IAS 21, *The Effects of Changes in Foreign Exchange Rates*. IAS 12 contains no exceptions with respect to these temporary differences. As a result, the effect of changes in foreign exchange rates on the non-monetary assets and liabilities of integrated foreign operations must be identified, and this may lead to the recognition of deferred income taxes.

Impacts of other IFRS adjustments

The adjustments considered consist of recognizing the deferred tax effect of other recognized conversion adjustments, if any.

c. Effects of changes in foreign exchange rates

The adjustment in the opening statement of financial position reflects application of the exemption that allows cumulative translation differences to be reduced to zero on the transition date by crediting opening retained earnings. This adjustment had no impact on the total amount of shareholders' equity.

d. Fixed assets

When it converted to IFRS, the Group wanted to change the method used to depreciate office furniture, replacing the declining balance method that used a rate of 20% with the straight-line method that applies a useful life of five years. Since the declining balance method and the rate used in the consolidated financial statements prepared in accordance with Canadian GAAP would have been acceptable under IFRS, this change, in accordance with IFRS 1, was made prospectively, beginning on the date of transition.

e. Buy-back of ordinary shares for cancellation

Under Canadian GAAP, the Group had to charge a portion of the acquisition cost to Contributed Surplus under certain circumstances, during a buy-back of ordinary shares for cancellation.

Under IFRS, the difference between the shares acquisition cost and their nominal cost must credit Retained earnings.

This adjustment had no impact on the total amount of shareholders' equity.

Explanations of reclassifications

f. Deferred income taxes

Under Canadian GAAP, future income tax assets and liabilities are classified according to the classification of the underlying assets and liabilities. In the absence of underlying assets and liabilities, future income tax assets and liabilities are classified according to the expected reversal date of the temporary difference.

Under IFRS, deferred income tax assets (liabilities) are not to be classified as current deferred income tax assets (liabilities).

Notes to the interim condensed consolidated financial statements
For the six months ended September 30, 2011 and 2010

Deferred income tax assets (liabilities) presented as current in the consolidated financial statements under Canadian GAAP have therefore been reclassified as long-current in the IFRS consolidated financial statements.

g. Reserves

Share purchase options, Contributed Surplus and Accumulated other comprehensive income presented under Canadian GAAP represent Reserve items under IFRS. For this reason, management decided to present them as a single line in the statement of financial position.

h. Presentation of amortization and stock-based compensation on the statement of income

When preparing the consolidated statement of income, management decided to present the information by function.

As such, the amortization expense on acquired intangible assets, presented separately under Canadian GAAP, was allocated to various items representing expenses by function.

The stock-based compensation expense, presented separately under Canadian GAAP, was allocated to General and administrative expense due to the positions held by employees taking advantage of this remuneration.

i. Other reclassifications

The following reclassifications reflect the choices that the Group made when it moved to IFRS. These presentation choices would also have been possible under Canadian GAAP.

Amounts received, or receivable, by the Group for its rebate program and used equipment trade-in program administration services and for its escrow services, not yet remitted to the third parties, were reclassified from Accounts payable and accrued liabilities to Other accounts payable.

Some credit card fees have been reclassified from Other revenues (expenses) to Selling and marketing expenses to align their presentation with that of other similar costs.

As the Group's consolidated financial statements under IFRS were being prepared, management reviewed the presentation of guaranteed investment certificates (can be cashed in at any time after 30 days without penalty) held by the Company as at March 31, 2011 and decided to reclassify them under Cash and cash equivalents given their terms and conditions. As a result of this reclassification, cash flows used by investment activities were reduced by the same amount for the year ended March 31, 2011.

12 Subsequent Events

On November 14, 2011, the Company acquired substantially all of the assets of LesPAC Inc., a subsidiary of Yellow Media Group Inc. for cash consideration of \$ 72.5 million, subject to certain working capital adjustments. LesPAC.com is Quebec's leading classifieds web site. The acquisition is financed by \$ 25 million in cash from the Company, a term loan of \$ 40 million and a revolving credit facility of up to \$ 20 million, both extending over five years. The term loan and line of credit, put in place by a syndicate of two financial institutions, bear interest at LIBOR plus a premium based on the level of debt, repayable at any time without penalty, and are secured by assets of the Company. The term loan is repayable in quarterly installments of \$ 1 million.