MEDIAGRIF

Interim Condensed Consolidated Financial Statements for the three months ended June 30, 2017, and 2016

(Unaudited and not reviewed by independent auditors)

MEDIAGRIF

Interim Condensed Consolidated Statements of Income

Unaudited and not reviewed by independent auditors

In thousands of Canadian dollars, except per share amounts	**Three months ended June 30, 2017 $**	**2016 $**
Revenues (Note 5)	19,971	18,966
Cost of revenues	3,813	3,786
Gross margin	16,158	15,180
Operating expenses		
General and administrative	2,698	2,296
Selling and marketing	4,581	3,966
Technology	4,704	3,387
	11,983	9,649
Operating profit	4,175	5,531
Other expenses, net amount (Note 11b))	(431)	(162)
Financial expenses (Note 11c))	(234)	(202)
Share of profit of a joint venture	45	(6)
Profit before income taxes	3,555	5,161
Income tax expense	1,139	1,427
Profit for the period	2,416	3,734
Earnings per share		
Basic and diluted	0.16	0.25
Weighted average number of shares outstanding		
Basic and diluted	14,894,865	14,998,979
Number of shares outstanding at end of period	14,892,879	14,998,979

Refer to the notes to the consolidated financial statements

Interim Condensed Consolidated Statements of Comprehensive Income

Unaudited and not reviewed by independent auditors

	Three months ended June 30,	
	2017	**2016**
In thousands of Canadian dollars	**$**	**$**
Profit for the period	2,416	3,734
Items that may be reclassified subsequently in profit or loss		
Change in unrealized gains on foreign currency forward contracts designated as hedging items, net of deferred taxes	46	20
Reclassification of realized losses on foreign currency forward contracts, net of deferred taxes	263	186
	309	206
Comprehensive income for the period	2,725	3,940

Refer to the notes to the consolidated financial statements

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Interim Condensed Consolidated Statements of Financial Position

Unaudited and not reviewed by independent auditors

In thousands of Canadian dollars	**As at June 30, 2017 $**	**As at March 31, 2017 $**
Assets		
Current assets		
Cash and cash equivalents	12,036	11,325
Cash held for the benefit of third parties	750	835
Accounts receivable	8,371	5,649
Income taxes receivable	577	1,304
Tax credits receivable	4,436	5,221
Prepaid expenses and deposits	1,469	1,360
Derivative financial instruments	277	-
	27,916	25,694
Non-current assets		
Property, plant and equipment	2,417	2,517
Intangible assets	5,208	5,123
Acquired intangible assets	65,221	63,909
Goodwill	107,047	107,047
Investment in a joint venture	432	387
Deferred taxes	4,224	4,644
	212,465	209,321
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	8,231	8,616
Other accounts payable	1,536	1,256
Income taxes payable	-	299
Deferred revenues	18,357	18,134
Derivative financial instruments	-	146
Current portion of deferred lease inducement	135	135
	28,259	28,586
Non-current liabilities		
Long-term debt (Note 7)	34,066	31,451
Deferred lease inducement	711	746
Deferred taxes	16,348	16,662
	79,384	77,445
Shareholders' equity		
Share capital (Note 8)	78,282	78,293
Reserves	3,416	3,107
Retained earnings	51,383	50,476
	133,081	131,876
	212,465	209,321

Refer to the notes to the consolidated financial statements

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Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

Unaudited and not reviewed by independent auditors

Three months ended June 30, 2017

		Reserves				
In thousands of Canadian dollars	**Share capital** $	**Equity-settled employee benefits** $	**Cash flow hedging** $	**Total** $	**Retained earnings** $	**Total** $
Balance as at March 31, 2017	78,293	3,213	(106)	3,107	50,476	131,876
Profit for the period	-	-	-	-	2,416	2,416
Other comprehensive income for the period, net of income taxes	-	-	309	309	-	309
Comprehensive income for the period	-	-	309	309	2,416	2,725
Repurchase of common shares for cancellation (note 8)	(11)	-	-	-	(20)	(31)
Dividends declared on common shares	-	-	-	-	(1,489)	(1,489)
Balance as at June 30, 2017	78,282	3,213	203	3,416	51,383	133,081

Three months ended June 30, 2016

		Reserves				
In thousands of Canadian dollars	**Share capital** $	**Equity-settled employee benefits** $	**Cash flow hedging** $	**Total** $	**Retained earnings** $	**Total** $
Balance as at March 31, 2016	78,840	3,213	(49)	3,164	41,801	123,805
Profit for the period	-	-	-	-	3,734	3,734
Other comprehensive income for the period, net of income taxes	-	-	206	206	-	206
Comprehensive income for the period	-	-	206	206	3,734	3,940
Dividends declared on common shares	-	-	-	-	(1,500)	(1,500)
Balance as at June 30, 2016	78,840	3,213	157	3,370	44,035	126,245

Refer to the notes to the consolidated financial statements

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Interim Condensed Consolidated Statements of Cash Flows

Unaudited and not reviewed by independent auditors

In thousands of Canadian dollars	Three months ended June 30, 2017 $	2016 $
CASH FLOWS RELATED TO		
Operating activities		
Profit for the period	2,416	3,734
Adjustments for the following items:		
Amortization and depreciation (Note 10)	1,960	1,609
Amortization of deferred lease inducement	(35)	(182)
Amortization of deferred financing costs	10	10
Interest expense	224	192
Foreign exchange	425	(16)
Share of profit of a joint venture	(45)	6
Deferred taxes	(126)	(119)
Loss on disposal of property, plant and equipment	-	171
Income tax expense recognized in profit	1,265	1,546
Changes in non-cash working capital items (Note 11a))	(2,868)	(759)
Interest paid	(235)	(216)
Income taxes paid	(837)	(1,517)
	2,154	4,459
Investing activities		
Consideration transferred on business acquisition net of acquired cash (Note 6)	(1,534)	(17,238)
Acquisition of property, plant and equipment (Note 11a))	(164)	(413)
Acquisition of intangible assets	(598)	(636)
	(2,296)	(18,287)
Financing activities		
Increase of long-term debt	2,605	14,700
Repurchase of share capital for cancellation (Note 8)	(31)	-
Cash dividends paid on common shares	(1,499)	(1,500)
	1,075	13,200
Net change in cash and cash equivalents for the period	933	(628)
Impact of exchange rate changes on cash and cash equivalents	(307)	32
Cash and cash equivalents at beginning of period	12,160	11,912
Cash and cash equivalents at end of period	12,786	11,316
Cash and cash equivalents consist of the following statement of financial position items:		
Cash and cash equivalents	12,036	10,204
Cash held for the benefit of third parties	750	1,112

1 Incorporation and nature of operations

Mediagrif Interactive Technologies Inc. (the "Corporation") provides e-business solutions to consumers and businesses. It operates its activities through its wholly-owned subsidiaries. The Corporation also owns interests in a joint venture.

The Corporation, 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, East Tower, Suite 255, Longueuil, Quebec, Canada.

The Board of Directors approved the interim condensed consolidated financial statements on August 8, 2017. Amounts are expressed in Canadian dollars, unless indicated otherwise.

2 Statement of compliance

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

These interim condensed consolidated financial statements do not include all of the information required for complete financial statements under IFRS, including the notes, and should be read in conjunction with the annual consolidated financial statements of the Corporation for the year ended March 31, 2017. The annual financial statements of the Corporation are available on the SEDAR website at the following address: www.sedar.com and on the Corporation website at the following address: www.mediagrif.com.

3 New and revised IFRS, issued but not yet effective

Standard and interpretation	Effective date for the Corporation	Presentation and impact on the Corporation
IFRS 9, *Financial Instruments*	Annual period beginning on April 1, 2018	On July 24, 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39, *Financial Instruments: Recognition and Measurement*. This final version of IFRS 9 represents the completion of this project and it includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 does not address the specific accounting for open portfolios or macro hedging, as these items are part of a separate IASB project that is currently ongoing. This final Standard introduces a single, principles-based approach that amends both the categories and associated criteria for the classification and measurement of financial assets, which is driven by the entity's business model for the portfolio in which the assets are held and the contractual cash flows of these financial assets. Certain amendments have been made to the financial asset classification and measurement principles in prior versions of IFRS 9. This Standard introduces an amended hedging model which aligns hedge accounting more closely with an entity's risk management activities and also includes a new financial asset impairment model which has an expanded scope, is based on expected credit losses rather than incurred credit losses and generally will result in earlier recognition of losses. This new Standard supersedes all prior versions of IFRS 9. The Corporation is currently evaluating the impacts of this new standard.
IFRS 15, *Revenue from Contracts with Customers*	Tentatively for the annual period beginning on April 1, 2018	IFRS 15, *Revenue from Contracts with Customers* establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The core principle of the new Standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Corporation expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. The Corporation is currently evaluating the impacts of this new standard.

Standard and interpretation	**Effective date for the Corporation**	**Presentation and impact on the Corporation**
IFRS 16 *Leases*	Annual period beginning on April 1, 2019	On January 13, 2016, the IASB issued IFRS 16, *Leases*, which provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes IAS 17 *Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 will be effective as of January 1, 2019, with earlier application permitted for companies that have also adopted IFRS 15, *Revenue from Contracts with Customers.* The Corporation has not yet examined the impacts of this new standard.

4 Segment information

The Corporation has only one reportable segment.

Geographical information is as follows:

	Three months ended June 30,	
In thousands of Canadian dollars	**2017** **$**	**2016** **$**
Revenues		
Canada	11,311	11,850
United States	8,133	6,562
Europe	116	142
Asia and other	411	412
	19,971	18,966

In thousands of Canadian dollars	**As at June 30, 2017** **$**	**As at March 31, 2017** **$**
Non-current assets		
Canada	155,425	154,082
United States	24,438	24,477
Asia and other	30	37
	179,893	178,596

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

Non-current assets include property, plant and equipment, intangible assets, acquired intangible assets and goodwill.

5 Revenues

Revenues are detailed as follows:

	Three months ended June 30, 2017	Three months ended June 30, 2016
In thousands of Canadian dollars	$	$
Revenues from rights of use	14,984	14,049
Revenues from transaction fees	2,089	2,118
Revenues from advertising	1,273	1,506
Revenues from software development	1,113	686
Revenues from integration, maintenance and hosting	356	425
Other	156	182
	19,971	18,966

6 Business combination

Period of three months ended June 30, 2017

On June 23, 2017, the Corporation acquired substantially all of the assets of Orckestra Inc. (“Orckestra”) for a cash consideration of $1,534,210 net of acquired cash. Certain liabilities were also assumed at the acquisition date. The acquisition was financed in its entirety by the Corporation’s Revolving facility.

Orckestra is a leading provider of digital unified commerce and omnichannel retail solutions. With this acquisition, the Corporation will be integrating the fast-growing unified retail commerce. The unique and innovative technological platform combined with potential synergies with the Corporation’s e-commerce development and expertise were also determinant in this acquisition.

The measurement of the acquired intangible assets was not completed as of the date of the actual financial statements. Therefore, the assets acquired and the liabilities assumed as of the date of the acquisition will be presented in the present note of the Interim Condensed Consolidated Financial Statements for the three months ending September 30, 2017. As of June 30, 2017, the difference between the assets acquired, the liabilities assumed and the consideration transferred was recorded in acquired intangible assets in the Interim Condensed Consolidated Statement of Financial Position.

The total acquisition-related costs amounted to $257,453 and are included in General and administrative expenses in the Interim Condensed Consolidated Statements of Income.

Impact of the business combinations on the Corporation’s financial performance

If this business combination had been completed on April 1, 2017, the Corporation’s consolidated revenues for the three months ended June 30, 2017, would have totaled $21,342,758. The consolidated profit for the three months ended June 30, 2017, would have totaled $2,036,318 including an additional amortization expense of $114,820 and an additional adjustment on interests on long-term debt of $10,480. The Corporation considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a three-month period. However, pro forma information does not account for synergies or changes to historical transactions and is not necessarily indicative of the profit of the Corporation if the acquisition actually occurred on April 1, 2017, nor of the profit that may be achieved in the future.

Period of three months ended June 30, 2016

Description of the business combination

On May 31, 2016, the Corporation acquired substantially all of the assets of Advanced Software Concepts, Inc., an entity based in Ottawa, Canada for a cash consideration of $17,144,603 following a definitive working capital adjustment of $1,355,397. This acquisition was financed in its entirety by the Corporation's Revolving facility.

With this strategic acquisition, the Corporation will be integrating contract management capabilities to its e-procurement platforms. This will allow the Corporation to participate in the fast-growing e-procurement space. Moreover, the Corporation's expertise and financial strength will contribute to accelerate ASC Networks Inc. ("ASC") presence in the equally fast-growing contract lifecycle management segment. A solid profitability combined with high-potential synergies with the Corporation's e-commerce development and expertise were also determinant in this acquisition.

Assets acquired and liabilities assumed at the acquisition date

In thousands of Canadian dollars	**May 31, 2016** **$**
Assets	
Current assets	
Accounts receivable	451
Prepaid expenses and deposits	102
	553
Non-current assets	
Acquired intangible assets	
Client base	5,130
Technology	6,220
Total	11,903
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	150
Deferred revenues	869
	1,019
Non-current liabilities	
Deferred taxes	506
Total	1,525
Identifiable net assets acquired	10,378

Sources and uses of funds at the transaction closing date

In thousands of Canadian dollars	**May 31, 2016** **$**
Sources	
Revolving facility (Note 7)	17,145
Uses	
Cash consideration transferred	18,500
Preliminary favorable working capital adjustment	(1,355)
	17,145

Costs related to the acquisition

The total acquisition-related costs amounted to $219,524, including $110,000 recorded during the year ended March 31, 2016, and are included in General and administrative expenses in the Interim Condensed Consolidated Statements of Income.

Determination of fair value

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at the acquisition-date fair value.

Accounts receivable, prepaid expenses and deposits and accounts payable and accrued liabilities arising from a business combination are recognized at their fair value, which is not substantially different from their gross contractual value and expected receipts and disbursements.

Deferred revenues from business combinations are recognized at fair value. This corresponds to the future costs to perform the services, the collection of which took place before the acquisition, plus a profit margin. This profit margin is the average margin the Corporation realized for the delivery of the same kind of service.

The fair value of acquired intangible assets is determined as follows:

Acquired technology is evaluated using the replacement cost method. It estimates the cost to rebuild a platform by adding the estimated loss of profits during the reconstruction. The multiperiod excess earnings method is used to calculate the value of client base. The replacement cost method and the multiperiod excess earnings method are all primarily based upon expected discounted cash flows according to currently available information, such as historical and projected revenues, the probability of renewal of each contract and certain other relevant assumptions.

Goodwill is measured as the excess of the total consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), over the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after remeasurement, the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the total consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously-held interest in the acquiree (if any), the excess amount is recognized immediately in profit or loss as a bargain purchase gain.

Goodwill arising from the business combination

In thousands of Canadian dollars	**May 31, 2016** **$**
Cash consideration transferred	17,145
Less:	
Fair value of net identifiable acquired assets	10,378
Goodwill	6,767

The goodwill recognized from this business combination is deductible for tax purposes. Goodwill of $6,766,902 stems essentially from the synergies with other activities of the Corporation, the economic value of the expertise of the workforce acquired as well as intangible assets that do not meet the criteria for separate recognition.

Impact of the business combinations on the Corporation's financial performance

The Corporation's profit for the three months ended June 30, 2016, includes $180,507 in revenues, including a negative adjustment on deferred revenues at closing of $133,390 and a net loss of $227,101, generated from ASC additional business.

If this business combination had been completed on April 1, 2016, the Corporation's consolidated revenues for the three months ended June 30, 2016, would have totaled $19,750,354, including a negative adjustment on deferred revenues at the acquisition date of $275,272. The consolidated profit for the three months ended June 30, 2016, would have totaled $3,431,181, including an additional amortization expense of $337,000 and an additional adjustment on interests on long-term debt of $59,758. The Corporation considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a three-month period. However, pro forma information does not account for synergies or changes to historical transactions and is not necessarily indicative of the profit of the Corporation if the acquisition actually occurred on April 1, 2016, nor of the profit that may be achieved in the future.

To determine the Corporation's pro forma consolidated revenues and profit if ASC had been acquired on April 1, 2016, the Corporation:

- calculated amortization of other acquired intangible assets based on the fair value arising from initial recognition of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements;

- calculated revenues according to the fair value of deferred revenues at the acquisition date;

- calculated the borrowing costs on the Corporation's net indebtedness after the business combination;

- calculated an additional income tax recovery to reflect the pro forma adjustments described above.

7 Long-term debt

On December 18, 2015, the Corporation renewed its credit agreement, which was entered into on November 10, 2011, (the "Credit Agreement") with three Canadian financial institutions pursuant to which lenders made available to the Corporation a $80,000,000 ($80,000,000 as at March 31, 2017) secured revolving five-year credit facility (the "Revolving Facility") and an accordion loan of $40,000,000$ ($40,000,000 as at March 31, 2017) subject to lenders' acceptance.

The Revolving Facility expires on December 18, 2020, and any outstanding amounts are due in full at maturity. Amounts under the Credit Agreement are repayable before maturity without penalty. As at June 30, 2017, the Corporation's Revolving Facility stood at $34,204,564 ($31,600,000 as at March 31, 2017) and the amount is due in full during the fiscal year ending March 31, 2021.

The Revolving Facility bears interest at a rate based either on Canadian prime rate, LIBOR or bankers' acceptance rate plus a margin in each case. This margin varies according to the ratio of total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA"), as described below. As at June 30, 2017, the actual rate was 0.98% (0.91% as at March 31, 2017) and the margin was 1.45% (1.45% as at March 31, 2017). In addition, the unused portion of the Revolving Facility bears interest at 0.29% (0.29% as at March 31, 2017) as standby fees.

All obligations under the Credit Agreement are secured by a first-rank security (hypothec) on substantially all of the Corporation's assets, tangible and intangible, present and future.

The Credit Agreement contains certain covenants and certain events of default customary for loans of this nature, including some limitations to the levels of investments and acquisitions, capital expenditures and distributions. The Credit Agreement is also subject to restrictive covenants requiring certain financial ratios to be maintained. As at June 30, 2017, the Corporation was in compliance with the financial ratios prescribed under these covenants:

1. a fixed charge coverage ratio of not less than 1.20:1.00 (1.20:1.00 as at March 31, 2017) at all times; and
2. a total debt to EBITDA ratio of not more than 3.0 (3.5 as at March 31, 2017).

Fixed charge, total debt and EBITDA, which are used in the calculation of the covenants mentioned above, are defined precisely in the Credit Agreement.

Financial ratios are calculated using the financial information of the twelve-month period ending on the date the ratio is calculated.

The following table provides the long-term debt information:

In thousands of Canadian dollars	**As at June 30, 2017 $**	**As at March 31, 2017 $**
Revolving credit facility, bearing interest at the bankers' acceptance rate, plus 1.45% (1.45% as at March 31, 2017), maturing in December 2020	34,205	31,600
Deferred financing costs i)	(139)	(149)
	34,066	31,451

i) The deferred financing costs are amortized using the effective interest rate method.

8 Share capital

a) Authorized and paid, unlimited number
- Common 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 common share activity:

	Three months ended June 30,			
	2017		2016	
In thousands	**Shares**	**$**	**Shares**	**$**
Balance at beginning of period	14,895	78,293	14,999	78,840
Repurchased for cancellation i)	(2)	(11)	-	-
Balance at end of period	14,893	78,282	14,999	78,840

i) During the three months ended June 30, 2017, the Corporation repurchased for cancellation 2,000 of its common shares for a cash consideration of $30,930, in connection with its Normal Course Issuer Bid. A total amount of $10,513 was recorded as a deduction from Share capital, corresponding to an average issue price of $5.26 per share before repurchase and the balance was charged to Retained earnings. During the three-month period ended June 30, 2016, there was no transaction related to common shares.

c) Dividends declared

Three months ended June 30, 2017
Subsequent to the three-month period ended June 30, 2017, i.e., on August 8, 2017, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on October 16, 2017, to shareholders of record on October 2, 2017.

On June 6, 2017, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on July 17, 2017, to shareholders of record on July 3, 2017.

Three months ended June 30, 2016
On June 7, 2016, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on July 15, 2016, to shareholders of record on July 4, 2016.

9 Stock-based compensation

In July 2004, the Corporation established a stock purchase plan. Certain amendments to the plan have subsequently been adopted and are in effect on the date hereof for all 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 10% of their annual income up to a maximum of $20,000 annually to purchase common shares in the Corporation on the open market. Under the plan, the Corporation matches employee contributions to the plan up to a maximum contribution of $1,600 per employee ($1,400 in 2016). Employees must hold the portion of shares purchased with the Corporation’s contribution for a period of 12 months. The purchase price of shares under the plan shall be equal to the market price of the Corporation’s common shares on the purchase date.

10 Expenses by type

Operating profit includes the following items:

In thousands of Canadian dollars	**Three months ended June 30, 2017 $**	**Three months ended June 30, 2016 $**
Amortization and depreciation		
Depreciation of property, plant and equipment	264	278
Amortization of intangible assets	513	347
Amortization of acquired intangible assets	1,183	984
Total	1,960	1,609
Employee benefits expense		
Salaries and employee benefits	9,650	8,486
Termination benefits	30	13
	9,680	8,499
Tax credits	(690)	(655)
Total	8,990	7,844

11 Supplementary statements of cash flows and statements of income information

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

In thousands of Canadian dollars	**Three months ended June 30, 2017 $**	**Three months ended June 30, 2016 $**
Decrease (increase) in		
Accounts receivable	(1,745)	(507)
Tax credits receivable	785	1,150
Prepaid expenses and deposits	(98)	(310)
Increase (decrease) in		
Accounts payable and accrued liabilities	(1,961)	(1,263)
Other accounts payable	280	45
Deferred revenues	(129)	126
Total	(2,868)	(759)

During the three months ended June 30, 2016, the Corporation made non-cash acquisitions of property, plant and equipment for an amount of $240,824

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

	Three months ended June 30,	
In thousands of Canadian dollars	**2017** **$**	**2016** **$**
Foreign exchange gain (loss)	(431)	9
Loss on disposal of property, plant and equipment	-	(171)
Total	(431)	(162)

c) Financial expenses consist of the following:

	Three months ended June 30,	
In thousands of Canadian dollars	**2017** **$**	**2016** **$**
Amortization of deferred financing costs	10	10
Interest on long-term debt	224	192
Total	234	202

12 Related party transactions

During the three months ended June 30, 2017, the Corporation recorded revenues of $417,778 ($471,279 in 2016) from transactions with Société d'investissement M-S S.E.C. ("GWS"), a 50%-joint venture owned by the Corporation. In addition, the Corporation recharged to GWS operating expenses in the amount of $42,302 ($182,024 in 2016). These recharges were presented against operating expenses in the interim condensed consolidated statement of income. As at June 30, 2017, the Corporation has $987,923 of accounts receivable from GWS ($104,674 as at March 31, 2017).

These transactions occurred in the normal course of business and were measured at the amount of consideration agreed to by the parties.