MEDIAGRIF

Interim Condensed Consolidated Financial Statements
for the three and six months ended
September 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

	Three months ended September 30,		Six months ended September 30,	
In thousands of Canadian dollars, except per share amounts	**2017 $**	**2016 $**	**2017 $**	**2016 $**
Revenues (Note 5)	20,031	19,509	40,002	38,475
Cost of revenues	3,963	3,621	7,776	7,407
Gross margin	16,068	15,888	32,226	31,068
Operating expenses				
General and administrative	2,772	2,288	5,470	4,584
Selling and marketing	4,238	3,926	8,819	7,892
Technology	5,530	3,515	10,234	6,902
	12,540	9,729	24,523	19,378
Operating profit	3,528	6,159	7,703	11,690
Other revenues (other expenses), net amount (Note 11b))	(686)	274	(1,117)	112
Financial expenses (Note 11c))	(274)	(264)	(508)	(466)
Share of profit of a joint venture	54	64	99	58
Profit before income taxes	2,622	6,233	6,177	11,394
Income tax expense	912	1,689	2,051	3,116
Profit for the period	1,710	4,544	4,126	8,278
Earnings per share				
Basic and diluted	0.11	0.30	0.28	0.55
Weighted average number of shares outstanding				
Basic and diluted	14,885,871	14,998,979	14,890,343	14,998,979
Number of shares outstanding at end of period	14,848,779	14,998,979	14,848,779	14,998,979

Refer to the notes to the consolidated financial statements

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Interim Condensed Consolidated Statements of Comprehensive Income

Unaudited and not reviewed by independent auditors

	Three months ended September 30,		Six months ended September 30,	
	2017	**2016**	**2017**	**2016**
In thousands of Canadian dollars	**$**	**$**	**$**	**$**
Profit for the period	1,710	4,544	4,126	8,278
Items that may be reclassified subsequently in profit or loss				
Change in unrealized gains (losses) on foreign currency forward contracts, net of deferred taxes	297	(119)	560	(99)
Reclassification of realized losses (gains) on foreign currency forward contracts, net of deferred taxes	(50)	1	(4)	187
	247	(118)	556	88
Comprehensive income for the period	1,957	4,426	4,682	8,366

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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 Sept. 30, 2017 $	As at March 31, 2017 $
Assets		
Current assets		
Cash and cash equivalents	11,528	11,325
Cash held for the benefit of third parties	627	835
Accounts receivable	8,270	5,649
Income taxes receivable	676	1,304
Tax credits receivable	5,197	5,221
Prepaid expenses and deposits	2,024	1,360
Derivative financial instruments	614	-
	28,936	25,694
Non-current assets		
Property, plant and equipment	2,490	2,517
Intangible assets	5,399	5,123
Acquired intangible assets (Note 6)	64,029	63,909
Goodwill (Note 6)	107,047	107,047
Investment in a joint venture	486	387
Deferred taxes	3,952	4,644
	212,339	209,321
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	8,423	8,616
Other accounts payable	1,360	1,256
Income taxes payable	-	299
Deferred revenues	17,276	18,134
Derivative financial instruments	-	146
Current portion of deferred lease inducement	135	135
	27,194	28,586
Non-current liabilities		
Long-term debt (Note 7)	34,875	31,451
Deferred lease inducement	675	746
Deferred taxes	16,631	16,662
	79,375	77,445
Shareholders' equity		
Share capital (Note 8)	78,051	78,293
Reserves	3,663	3,107
Retained earnings	51,250	50,476
	132,964	131,876
	212,339	209,321

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Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

Unaudited and not reviewed by independent auditors

Six months ended September 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	-	-	-	-	4,126	4,126
Other comprehensive income for the period, net of income tax	-	-	556	556	-	556
Comprehensive income for the period	-	-	556	556	4,126	4,682
Repurchase of common shares for cancellation (Note 8)	(242)	-	-	-	(383)	(625)
Dividends declared on common shares	-	-	-	-	(2,969)	(2,969)
Balance as at September 30, 2017	78,051	3,213	450	3,663	51,250	132,964

Six months ended September 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	-	-	-	-	8,278	8,278
Other comprehensive income for the period, net of income tax	-	-	88	88	-	88
Comprehensive income for the period	-	-	88	88	8,278	8,366
Dividends declared on common shares	-	-	-	-	(3,000)	(3,000)
Balance as at September 30, 2016	78,840	3,213	39	3,252	47,079	129,171

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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 September 30, 2017 $	Three months ended September 30, 2016 $	Six months ended September 30, 2017 $	Six months ended September 30, 2016 $
Cash flows related to				
Operating activities				
Profit for the period	1,710	4,544	4,126	8,278
Adjustments for the following items:				
Amortization and depreciation (Note 10)	1,977	1,943	3,937	3,552
Amortization of deferred lease inducement	(36)	(38)	(71)	(220)
Amortization of deferred financing costs	10	10	20	20
Interest expense	264	254	488	446
Foreign exchange	543	(108)	968	(124)
Share of profit of a joint venture	(54)	(64)	(99)	(58)
Deferred taxes	289	459	163	340
Loss on disposal of property, plant and equipment	-	-	-	171
Income tax expense recognized in profit	623	1,230	1,888	2,776
Changes in non-cash working capital items (Note 11a))	(2,233)	(1,014)	(5,101)	(1,773)
Interest paid	(282)	(263)	(517)	(479)
Income taxes paid	(732)	(1,071)	(1 569)	(2,588)
	2,079	5,882	4,233	10,341
Investing activities				
Consideration transferred on business acquisition net of acquired cash (Note 6)	-	-	(1,534)	(17,238)
Working capital adjustments related to a business acquisition (Note 6)	-	93	-	93
Acquisition of property, plant and equipment (Note 11a))	(318)	(151)	(482)	(564)
Acquisition of intangible assets	(741)	(561)	(1 339)	(1,197)
	(1,059)	(619)	(3,355)	(18,906)
Financing activities				
Increase in long-term debt	799	-	3,404	14,700
Repayment of long-term debt	-	(2,200)	-	(2,200)
Repurchase of share capital for cancellation (Note 8)	(594)	-	(625)	-
Cash dividends paid on common shares	(1,489)	(1,500)	(2,988)	(3,000)
	(1,284)	(3,700)	(209)	9,500
Net change in cash and cash equivalents for the period	(264)	1,563	669	935
Impact of exchange rate changes on cash and cash equivalents	(367)	73	(674)	105
Cash and cash equivalents at beginning of period	12,786	11,316	12,160	11,912
Cash and cash equivalents at end of period	12,155	12,952	12,155	12,952
Cash and cash equivalents consist of the following statement of financial position items:				
Cash and cash equivalents	11,528	11,961	11,528	11,961
Cash held for the benefit of third parties	627	991	627	991

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 November 7, 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") and apply the same accounting policies as those described in the Corporation's annual consolidated financial statements for the year ended March 31, 2017.

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 in effect

IFRS 9 *Financial Instruments*

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 and the effective date for the Corporation will be April 1st., 2018. The Corporation is currently in the process of finalizing the analysis of the impact of this new standard on its consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers*

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 effective date for the Corporation, for this new Standard, will be April 1, 2018.

During the six-month period ended September 30, 2017, the Corporation continued evaluating the potential impact of adopting IFRS 15 on its interim and annual consolidated financial statements and is evaluating the impacts of this new accounting standard with the help of external consultants. The Corporation's current implementation plan extends until the fourth quarter of the fiscal year ended on March 31, 2018. As a result, the Corporation will report the progress made in this regard during the next two quarters.

IFRS 16, *Leases*

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 new Standard will be effective for the Corporation as of the April 1, 2019. 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 September 30,		Six months ended September 30,	
In thousands of Canadian dollars	**2017** **$**	**2016** **$**	**2017** **$**	**2016** **$**
Revenues				
Canada	11,194	12,290	22,473	24,140
United States	8,196	6,628	16,361	13,190
Europe	242	141	358	283
Asia and other	399	450	810	862
	20,031	19,509	40,002	38,475

In thousands of Canadian dollars	**As at Sept. 30, 2017** **$**	**As at March 31, 2017** **$**
Non-current assets		
Canada	154,500	154,082
United States	24,436	24,477
Asia and other	29	37
	178,965	178,596

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

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

5 Revenues

Revenues are detailed as follows:

In thousands of Canadian dollars	**Three months ended September 30, 2017 $**	**2016 $**	**Six months ended September 30, 2017 $**	**2016 $**
Revenues from rights of use	15,286	14,578	30,270	28,627
Revenues from transaction fees	2,046	2,001	4,135	4,119
Revenues from advertising	1,070	1,272	2,343	2,778
Revenues from software development	1,147	1,082	2,260	1,768
Revenues from integration, maintenance and hosting	352	401	708	826
Other	130	175	286	357
	20,031	19,509	40,002	38,475

6 Business combination

Six-month period ended September 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.

Assets acquired and liabilities assumed at the acquisition date

In thousands of Canadian dollars	**June 23, 2017** **$**
Assets	
Current assets	
Cash and cash equivalents	47
Accounts receivable	929
Prepaid expenses and deposits	23
	999
Non-current assets	
Acquired intangible assets	
Technology	1,200
Customer relationship	1,285
Total	3,484
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	1,641
Deferred revenues	262
Total	1,903
Identifiable net assets acquired	1,581

The purchase price allocation shown above is preliminary and based on management's best estimates as at September 30, 2017. The final purchase price allocation is expected to be completed as soon as management has gathered all of the significant information available and considered necessary in order to finalize this allocation.

Costs related to the acquisition

The total acquisition-related costs amounted to $282,801 and is 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:

The acquired technology is evaluated using the avoided royalties' method. The multi-period excess earnings method was used to calculate the value of customer relationship. These methods are primarily based on expected discounted cash flows according to currently available information, such as historical and projected revenues, the probability of renewing each contract and certain other relevant assumptions.

No Goodwill has been recognized as a result of this transaction, the value of the identifiable net assets acquired being equal to the cash consideration transferred.

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

The Corporation's profit for the three months ended September 30, 2017, includes $1,161,467 in revenues and a net loss of $734,242, generated from Orckestra additional business. The Corporation's profit for the six months ended September 30, 2017, includes $1,290,063 in revenues and a net loss of $695,834, generated from Orckestra additional business.

If this business combination had been completed on April 1, 2017, the Corporation's consolidated revenues for the six months ended September 30, 2017, would have totaled $41,373,758. The consolidated profit for the six months ended September 30, 2017, would have totaled $3,746,214 including an additional amortization expense of $114,820. The Corporation considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a six-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.

To determine the Corporation's pro forma consolidated revenues and profit if Orckestra had been acquired on April 1, 2017, 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;

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

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

Period of six months ended September 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	
Customer relationship	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
Definitive working capital adjustment	(1,355)
	17,145

Costs related to the Acquisition

The total ASC 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

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 customer relationship. The replacement cost method and the multiperiod excess earnings method are all primarily based on expected discounted cash flows according to currently available information, such as historical and projected revenues, the probability of a 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 September 30, 2016, includes $1,446,799 in revenues, including a negative adjustment on deferred revenues at closing of $258,799 and a net loss of $84,428, generated from ASC's additional business. The Corporation's profit for the six months ended September 30, 2016, includes $1,627,306 in revenues, including a negative adjustment on deferred revenues at closing of $392,189 and a net loss of $311,529, generated from ASC's additional business.

If this business combination had been completed on April 1, 2016, the Corporation's consolidated revenues for the six months ended September 30, 2016, would have totaled $39,162,224, including a negative adjustment on deferred revenues at the acquisition date of $645,663. The consolidated profit for the six months ended September 30, 2016, would have totaled $8,034,418, including an additional amortization expense of $337,000 and an additional adjustment on interests on long term debt of $59,436. The Corporation considers the pro forma figures to be an approximate measurement of the financial performance of the combined business over a six-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;

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

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

- 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 September 30, 2017, the Corporation's Revolving Facility stood at $35,004,430 ($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 the Canadian prime rate, LIBOR or the 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 September 30, 2017, the actual rate was 1.31% (0.91% as at March 31, 2017) and the applicable 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 September 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 Sept. 30, 2017** $	**As at March 31, 2017** $
Revolving credit facility, bearing interest at the bankers' acceptance rate, plus a margin of 1.45% (1.45% as at March 31, 2017), maturing in December 2020	35,004	31,600
Deferred financing costs i)	(129)	(149)
	34,875	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:

	Six months ended September 30,			
	2017		**2016**	
In thousands	**Shares**	**$**	**Shares**	**$**
Balance at beginning of period	14,895	78,293	14,999	78,840
Repurchased for cancellation i)	(46)	(242)	-	-
Balance at end of period	14,849	78,051	14,999	78,840

i) During the six months ended September 30, 2017, the Corporation repurchased 46,100 of its common shares for a cash consideration of $625,449 in connection with its Normal Course Issuer Bid. An average issue price of $5.26 per share before repurchase was recorded as a deduction from Share capital in a total amount of $242,315 and the balance was charged to Retained earnings. During the six months ended September 30, 2016, there was no transaction related to common shares.

c) Dividends declared

Six months ended September 30, 2017
Subsequent to the period ended September 30, 2017, i.e. on November 7, 2017, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on January 15, 2018, to shareholders of record on January 2, 2018.

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.

Six months ended September 30, 2016
On August 3, 2016, the Corporation announced the payment of a cash dividend of $0.10 per share, payable on October 17, 2016, to shareholders of record on October 3, 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 purchase plan

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. 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 is 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 September 30, 2017 $**	**2016 $**	**Six months ended September 30, 2017 $**	**2016 $**
Amortization and depreciation				
Depreciation of property, plant and equipment	245	279	509	557
Amortization of intangible assets	550	343	1,063	690
Amortization of acquired intangible assets	1,182	1,321	2,365	2,305
Total	1,977	1,943	3,937	3,552
Employee benefits expense				
Salaries and employee benefits	9,831	8,373	19,481	16,859
Termination benefits	799	68	829	81
	10,630	8,441	20,310	16,940
Tax credits	(751)	(770)	(1,441)	(1,425)
Total	9,879	7,671	18,869	15,515

11 Supplementary statements of cash flow and statements of income information

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

In thousands of Canadian dollars	**Three months ended September 30, 2017 $**	**2016 $**	**Six months ended September 30, 2017 $**	**2016 $**
Decrease (increase) in				
Accounts receivable	52	907	(1,693)	400
Tax credits receivable	(751)	(748)	34	402
Prepaid expenses and deposits	(514)	236	(612)	(74)
Increase (decrease) in				
Accounts payable and accrued liabilities	147	(779)	(1,814)	(2,042)
Other accounts payable	(176)	67	104	112
Deferred revenues	(991)	(697)	(1,120)	(571)
Total	(2,233)	(1,014)	(5,101)	(1,773)

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

During the six months ended September 30, 2017, the Corporation has reclassified an amount of $755,329 from Tax credits receivable to Income taxes payable because the Corporation expects to use these tax attributes against income taxes payable during the current fiscal year.

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

	Three months ended September 30,		**Six months ended September 30,**	
	2017	**2016**	**2017**	**2016**
In thousands of Canadian dollars	**$**	**$**	**$**	**$**
Foreign exchange gain (loss)	(686)	274	(1,117)	283
Loss on disposal of property, plant and equipment	-	-	-	(171)
Total	(686)	274	(1,117)	112

c) Financial expenses consist of the following:

	Three months ended September 30,		**Six months ended September 30,**	
	2017	**2016**	**2017**	**2016**
In thousands of Canadian dollars	**$**	**$**	**$**	**$**
Amortization of deferred financing costs	10	10	20	20
Interest on long-term debt	264	254	488	446
Total	274	264	508	466

12 Related party transactions

During the three months ended September 30, 2017, the Corporation recorded revenues of $424,600 ($369,899 in 2016) from transactions with Société d'investissement M-S S.E.C "GWS", a 50%-joint venture owned by the Corporation. During the six-month period ended September 30, 2017, the Corporation recorded revenues of $842,378 ($841,178 in 2016) from transactions with GWS.

In addition, during the three months ended September 30, 2017, the Corporation recharged to GWS operating expenses in the amount of $34,079 ($67,709 in 2016) whereas this recharge was $76,381 ($249,733 in 2016) for the six months ended on September 30, 2017. These recharges were presented against operating expenses in the interim condensed consolidated statement of income. As at September 30, 2017, the Corporation has $40,418 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.