

**The Delma Group Inc.**  
**Interim Condensed Consolidated**  
**Financial Statements**  
**June 30, 2019**  
(Expressed in Canadian dollars)

The accompanying unaudited Interim Condensed Consolidated Financial Statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these unaudited Interim Condensed Consolidated Financial Statements.

# The Delma Group Inc.

## Interim Condensed Consolidated Statements of Financial Position

As at June 30, 2019 and December 31, 2018

(Expressed in Canadian dollars)

	Note	June 30, 2019 (unaudited) \$	December 31, 2018 (audited) \$
<b>ASSETS</b>			
Current			
Cash		86 112	131 159
Receivables		66 780	123 569
Assets held for sale		4 015 000	4 064 331
Prepays and refundable deposits		1 790 071	862 028
Advances to companies under common control, without interest		795 753	788 240
Other advances receivable, without interest		243 552	280 762
		<u>6 997 268</u>	<u>6 250 089</u>
Non-current			
Investment properties	4	90 195 940	88 541 212
Land held for residential development		12 384 594	12 190 522
Investment in a private company		250 000	250 000
Property and equipment		3 654	81 154
Trademarks and domain names		1 117 510	1 342 509
		<u>110 948 966</u>	<u>108 655 486</u>
<b>Total assets</b>			
<b>LIABILITIES</b>			
Current			
Bank loan		3 985 030	3 895 000
Trade and other payables		11 652 252	9 992 640
Other current liabilities	5	28 685 291	28 664 393
Current portion of long-term debt	6	21 843 396	20 544 063
		<u>66 165 969</u>	<u>63 096 096</u>
Non-current			
Long-term debt	6	7 806 965	6 991 047
Deferred income taxes liabilities		375 000	375 000
		<u>74 347 934</u>	<u>70 462 143</u>
<b>Total liabilities</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	58 198 399	57 309 522
Deficit		(21 597 367)	(19 116 179)
		<u>36 601 032</u>	<u>38 193 343</u>
<b>Total shareholders' equity</b>			
<b>Total liabilities and shareholders' equity</b>			
		<u>110 948 966</u>	<u>108 655 486</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

## The Delma Group Inc.

### Interim Condensed Consolidated Statements of Three-month and six-month periods ended June 30, 2019 and 2018

(Expressed in Canadian dollars except for number of shares)

(Unaudited)

	Three months ended <u>Note</u> <u>June 30, 2019</u>	Three months ended June 30, 2018	Six months ended <u>June 30, 2019</u>	Six months ended June 30, 2018
	\$	\$	\$	\$
<b>Revenue</b>	<b>678 238</b>	301 236	<b>1 376 952</b>	336 236
Operating expenses	<u>299 976</u>	<u>23 996</u>	<u>1 030 486</u>	<u>23 996</u>
	<b>378 262</b>	277 240	<b>346 466</b>	312 240
Administrative expenses	<b>675 121</b>	1 263 012	<b>1 063 771</b>	1 263 012
Decrease in FV of investment properties	<b>80 000</b>	–	<b>80 000</b>	–
Financing costs	<b>810 489</b>	295 007	<b>1 466 065</b>	295 007
Amortization of trade marks and domain names	<b>112 500</b>	112 500	<b>225 000</b>	224 500
Depreciation of property and equipment	–	4 500	–	9 000
Loss on the sale of Assets held for sale	–	–	<b>182 132</b>	–
Loss on sale of Property and equipment	<b>66 002</b>	–	<b>66 002</b>	–
Gain on settlement of some accounts payable	–	–	<b>(126 163)</b>	–
Gain on settlement of loans	<b>(129 153)</b>	–	<b>(129 153)</b>	–
Listing fees	–	–	–	1 439 587
<b>Loss before income taxes</b>	<u><b>(1 236 697)</b></u>	<u>(1 397 779)</u>	<u><b>(2 481 188)</b></u>	<u>(2 918 866)</u>
Income taxes	–	–	–	375 000
<b>Net loss and comprehensive loss</b>	<u><b>(1 236 697)</b></u>	<u>(1 397 779)</u>	<u><b>(2 481 188)</b></u>	<u>(3 293 866)</u>
<b>Basic and diluted net loss per share</b>	<b>(0,09)</b>	(0,14)	<b>(0,18)</b>	(0,40)
<b>Weighted average number of shares</b>	<b>13 666 267</b>	10 343 758	<b>13 613 090</b>	8 243 511

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

## The Delma Group Inc.

### Interim Condensed Consolidated Statements of Shareholder's Equity

Six-month periods ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

#### SHAREHOLDERS' EQUITY

	Share Capital		Deficit	Non-controlling interests	Total Equity
	Number of shares	Amount			
		\$	\$	\$	\$
Balance on December 31, 2018	13 335 992	57 309 522	(19 116 179)	–	38 193 343
Issuance of shares to settle some accounts payable	327 810	888 877	–	–	888 877
Net loss and comprehensive loss	–	–	(2 481 188)	–	(2 481 188)
<b>Balance on June 30, 2019</b>	<b>13 663 802</b>	<b>58 198 399</b>	<b>(21 597 367)</b>	<b>–</b>	<b>36 601 032</b>
Balance on December 31, 2017	134 599	14 298 608	–	2 641 057	16 939 665
Reverse takeover	5 474 318	452 038	–	–	452 038
Purchase of Non-controlling interests	232 851	2 641 057	–	(2 641 057)	–
Acquisition of Bromont Group	4 083 334	23 990 424	–	–	23 990 424
Transactions with owners	9 925 102	41 382 127	–	–	41 382 127
Net loss and comprehensive loss	–	–	(3 293 866)	–	(3 293 866)
Balance on June 30, 2018	9 925 102	41 382 127	(3 293 866)	–	38 088 261

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

## The Delma Group Inc.

### Interim Condensed Consolidated Statements of Cash Flows

Three-month and six-month periods ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

(Unaudited)

	Three months ended	Three months ended	Six months ended	Six months ended
Note	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net loss	(1 236 697)	(1 397 779)	(2 481 188)	(3 293 866)
Adjustments				
Listing fees	-	-	-	1 439 587
Depreciation of property and equipment	-	4 500	-	9 000
Amortization of trademarks and domain nar	112 500	112 000	225 000	224 500
Decrease in FV of investment properties	80 000	-	80 000	-
Loss on the sale of Assets held for sale	-	-	182 132	-
Loss on sale of Property and equipment	66 002	-	66 002	-
Gain on settlement of accounts payable	-	-	(126 163)	-
Gain on settlement of loans	(129 153)	-	(129 153)	-
Deferred Income taxes	-	-	-	375 000
	<u>(1 107 348)</u>	<u>(1 281 279)</u>	<u>(2 183 370)</u>	<u>(1 245 779)</u>
Change in working capital items	9 1 461 956	1 382 285	1 799 749	1 382 285
Cash flows from operating activities	<u>354 608</u>	<u>101 006</u>	<u>(383 621)</u>	<u>136 506</u>
<b>INVESTING ACTIVITIES</b>				
Advances to companies under common contro	-	(35 000)	(7 513)	(70 000)
Other advances receivable	186 873	(5 300)	37 210	(5 300)
Cash acquired from acquisitions	-	32 210	-	49 823
Investment properties	(942 827)	(5 965 203)	(1 734 728)	(5 983 316)
Land held for residential development	-	(2 300)	(194 072)	(2 300)
Proceeds on disposal of Property and equipme	11 498	-	11 498	-
Cash flows from investing activities	<u>(744 456)</u>	<u>(5 975 593)</u>	<u>(1 887 605)</u>	<u>(6 011 093)</u>
<b>FINANCING ACTIVITIES</b>				
Bank loan	45 000	-	90 030	-
Other current liabilities	626 973	6 235 988	713 962	6 235 988
Repayment of other current liabilities	(341 061)	-	(693 064)	-
Long-term debt	2 524	-	2 207 760	-
Repayment of long-term debt	11 365	(22 381)	(92 509)	(22 381)
Cash flows from financing activities	<u>344 801</u>	<u>6 213 607</u>	<u>2 226 179</u>	<u>6 213 607</u>
Net change in cash	(45 047)	339 020	(45 047)	339 020
Cash, beginning of period	131 159	3 028	131 159	3 028
Cash, end of period	<u>86 112</u>	<u>342 048</u>	<u>86 112</u>	<u>342 048</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

# **The Delma Group Inc.**

## **Notes to the Interim Condensed Consolidated Financial Statements**

### **As at June 30, 2019**

(Expressed in Canadian dollars)

(Unaudited)

---

#### **1. Nature of operations**

The Delma Group Inc. together with its subsidiaries (together referred to as "Delma" or the "Company") operates in the development, acquisition and management of multi-purpose real estate, including office space, retail space, residential and industrial buildings as well as land for future development.

The Delma Group Inc. was incorporated on April 7, 2014 under the laws of the province of British Columbia. The Company is listed a listing on the Canadian Stock Exchange ("CSE") under the symbol "DLMA".

The principal address and records office of the Company is located at 160-640 Orly Avenue, Dorval, Qc, H9P 1E9.

#### **2. Going concern**

These interim condensed consolidated financial statements have been prepared on the assumption that the Company is a going concern, meaning it will be able to continue its operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

As at June 30, 2019, the Company has not yet generated positive cash flows from its operations and has a negative working capital of \$59,168,701. The Company's ability to continue as a going concern is dependent upon its ability to raise sufficient equity financings, refinance its long-term debt and other current liabilities, issue new debt or secure related party advances to complete the identification, acquisition and development of suitable properties in accordance with its business plan and ultimately achieving profitable operations. These factors indicate the existence of a material uncertainties that may cast significant doubt regarding the Company's ability to continue as a going concern.

Starting in the period ended June 30, 2019, the Company entered into active negotiations to obtain financings to be used for short-term and long-term needs. Such negotiations were ongoing at the time these interim condensed consolidated financial statements were approved.

These interim condensed consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary should the Company's going concern assumption not be appropriate. While management has been successful in obtaining sufficient funding for its operating and capital requirements in the past, there is no assurance that additional funding will be available to the Company, when required, or on terms which are acceptable to management including any financing currently being negotiated.

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

---

#### 3. Basis of presentation and significant accounting policies

The unaudited interim condensed consolidated financial statements present the Company's consolidated balance sheet as at June 30, 2019 as well as its consolidated statements of comprehensive loss, cash flow and changes in shareholder's equity for the three-month and the six-month periods ended June 30, 2019 and 2018.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting and are expressed in Canadian dollars. Accordingly, certain information and footnot disclosures normally included in annual audited consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), have been omitted or condensed.

These interim condensed consolidated financial statements use the same accounting policies and methods of computation as compared with the Company's most recent annual audited consolidated financial statements except for the new and adopted standards described below.

The interim condensed consolidated financial statements for the quarter ended June 30, 2019 have not been reviewed by the independent auditors of the Company.

These interim condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on August 29, 2019.

#### Adoption of new standards as at January 1, 2019

##### *IFRS 16 - Leases*

On January 1, 2019, The Company adopted IFRS 16 which replaces IAS 17 Leases. IFRS 16 requires that lessors recognise assets and liabilities for all leases on the statement of financial position, unless the lease term is 12 months or less or the lease for which the underlying asset is of low value. IFRS 16 is effective for annual reporting periods beginning on or after January 1, 2019. The Company determined that the application of this new standard did not have a significant impact on the consolidated financial statements.

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

#### 4. Investment Properties

A reconciliation of the investment properties is as follows:

	<u>2019-06-30</u> <u>(6 months)</u>	<u>2018-12-31</u> <u>(12 months)</u>
	\$	\$
Balance, beginning of period	88 541 212	14 910 200
Acquisition of the Bromont Group	–	32 043 474
Lupa Acquisition	–	6 065 000
GHP Acquisition	–	33 017 363
Lupa II Acquisition	–	6 595 000
Other acquisitions	22 521	10 537 528
Decrease in fair value of investment properties	(80 000)	(12 395 200)
Borrowing costs	1 277 067	1 215 257
Development costs	435 140	567 590
Reclassified as assets held for sale	–	(4 015 000)
Balance end of period	<u>90 195 940</u>	<u>88 541 212</u>

The investment properties are composed of the following:

	<u>2019-06-30</u>	<u>2018-12-31</u>
	\$	\$
<b>Investment properties at fair value</b>		
Lands in Bromont, Bromont, Quebec, Canada	33 499 770	32 693 789
9700 St-Laurent Blvd, Montreal, Quebec, Canada	1 835 140	1 400 000
475-489 Le Breton and 505-531 Le Breton, Longueuil, QC, Canada	2 864 999	2 864 999
1221-1225 St-Jean-Baptiste Blvd., Montreal, Quebec, Canada	1 800 000	1 800 000
185 Dorval Avenue, Montreal, Quebec, Canada	10 554 847	10 538 649
9920-9924 St-Laurent, Montreal, Quebec, Canada	767 668	767 668
610-640 Orly, Montreal, Quebec, Canada	5 260 000	5 260 000
1124 Place Verner, Laval, Quebec, Canada	600 000	600 000
860 Cite-des-Jeunes, St-Lazare, Quebec, Canada	1 198 871	1 167 491
2001 Chemin Oka, Deux-Montagnes, Quebec, Canada	906 323	902 874
Land in Levis, Levis, Quebec, Canada	10 570 214	10 264 624
472-474 Knowlton, Lac Brome, Quebec, Canada	2 933 247	2 898 577
117 Lépine, Gatineau, Quebec, Canada	7 079 528	7 079 528
121 Lépine, Gatineau, Quebec, Canada	4 570 000	4 570 000
2055 Desjardins Av., Montreal, Quebec, Canada	4 121 200	4 098 879
Land in Blainville, Blainville, Quebec, Canada	1 634 134	1 634 134
	<u>90 195 940</u>	<u>88 541 212</u>



## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

#### 5. Other current liabilities

	<u>2019-06-30</u>	<u>2018-12-31</u>
	\$	\$
Loan payable, 24% (22% - December 31, 2018)	602 667	556 735
Liabilities of an asset held for sale, 8%	–	28 600
Advances, 9%	6 908 811	7 138 975
Loan, 15%, secured by Lands in Bromont and Land held for residential development	11 000 000	11 000 000
Advances from a company controlled by a director, 9%, secured by a define relationship	961 923	980 164
Loans from a company controlled by a director, 12%-15%, secured by a define relationship	–	408 000
Loan, 11.55%, secured by Land in Blainville and a guarantee from a director	743 386	743 386
Loans, 12%, secured by Land in Levis	250 000	250 000
Loans, 8% and 10%, secured by 2001 chemin Oka	725 000	725 000
Loan, 13.8%, secured by 121 Lepine	500 000	500 000
Loan, 12%, secured by a third party	700 000	400 000
Loan, 12%, secured by 472-474 Knowlton, Lac-Brome	200 000	200 000
Bank loan, 5.67%, \$3,976 monthly, maturing in November 2019 (a)	559 850	567 909
Loan, 11%, secured by 117 Lepine and a guarantee from a director	3 880 000	3 800 000
Loan, 12%, payable on demand(b)	1 300 000	1 300 000
Advances, 12%	115 000	–
Loan, 24%, payable on demand	90 000	–
Loan, 24%, payable on demand	80 000	–
Other	68 654	65 624
	<u>28 685 291</u>	<u>28 664 393</u>

Except if noted, all loans, advances and bank loans are payable on demand.

- (a) The bank loan is secured by 9920-9924 St-Laurent and a guarantee from a third party
- (b) The loan is secured by 9700 St-Laurent Blvd, 475-489 Le Breton, 505-531 Le Breton, 1221-1225 St-Jean-Baptiste Blvd. and a guarantee from a company controlled by a director.

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

#### 6. Long-Term Debt

	<u>2019-06-30</u>	<u>2018-12-31</u>
	\$	\$
Convertible debentures and \$174,714 interest payable, 10%, secured by all present and future residential property of the Company, expired in March 2019 (a)	713 714	670 457
Term loan, 10%, matured, payable on demand and secured by Blueberry Lake Resort	293 000	293 000
Term loan, 13%, matured, payable on demand and secured by Blueberry Lake Club House, which is a part of Blueberry Lake Resort, with a carrying amount of \$nil.	130 000	130 000
Term loan, 8% and 9%, monthly late fees of \$15,000, matured and payable on demand, secured by a guarantee from a director	3 250 290	3 249 791
Term loan, 5%, secured by 860 Cité des jeunes, matured and payable on demand	400 000	400 000
Term loan, 8%, payable in January 2019, secured by 860 Cité des jeunes	350 000	350 000
Term loan, 12%, secured by Land in Levis, matured and payable on demand	3 500 000	3 500 000
Term loans, 4.54% and 12.5%, secured by 600-650 Orly Avenue and a guarantee from a third party, matured and payable on demand	3 871 928	3 837 784
Loan, without interest, maturing in April 2019, \$100,000 increase in capital if unpaid at maturity, secured by land on the Blueberry Lake Resort	490 000	490 000
Loan, prime rate plus 1% (4.95%), payable on demand, secured by 185 Dorval. Under the credit agreement the Company must respect financial covenants which are not respected as at December 31, 2018.	4 777 500	4 777 500
Term loan, 3.85%, capital and interest payable in monthly payments of \$17,094, maturing in November 2022, secured by a hypothec on 121 Lépine avenue and a guarantee from a director	3 171 215	3 212 728
Term loan, prime rate plus 1.1% (4.18%), capital and interest		

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

payable in monthly payments of \$12,138, maturing in October 2023, secured by a hypothec on 2055 Desjardins avenue and a guarantee from a director	<b>2 471 554</b>	2 492 962
Term loan, 3.02%, capital and interest payable in monthly payments of \$5,928, maturing in September 2021, secured by a hypothec on 1221-1225 St-Jean-Baptiste and a guarantee from a third party	<b>1 153 730</b>	1 171 829
Term loan, 46.9%, capital and interest payable weekly payments of \$6,132, maturing October 2020, secured by a guarantee from a director	<b>410 723</b>	387 606
Bank loan, 3.42%, capital and interest payable in monthly payments of \$9,406, secured by a hypothec on 475-489 Le Breton and 505-531 Le Breton and a guarantee from two third parties, matured and payable on demand	<b>1 716 152</b>	1 743 183
Term loan, 3.34%, secured by 1124 Place Verner, matured and payable on demand	<b>270 574</b>	275 078
Term loan, 4.98%, capital and interest payable in monthly payments of \$5,247, secured by a hypothec on 9700 St-Laurent Blvd, matured and payable on demand	<b>529 981</b>	553 192
Term loan, 12.5%, secured by a second rank hypothec on 185, Dorval, payable in April 2020	<b>1 150 000</b>	—
Term loan, 8%, secured by a second rank hypothec on 600-650 Orly Avenue, payable in March 2020	<b>1 000 000</b>	—
	<b>29 650 361</b>	27 535 110
Current portion	<b>21 843 396</b>	20 544 063
	<b>7 806 965</b>	6 991 047

- (a) In January, 2019, the Company modified the terms the convertibles debenture to extend their maturity date to March 31, 2019 and change the conversion price to the lesser of i) \$3,49; ii) Adjusted net value based on the net assets of the latest quarterly statements. These changes did not have significant impact on the interim consolidated financial statements.

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

#### 7. Share capital

The Company authorized share capital is as follows :

Unlimited number of shares

Class "A" common shares, conferring 1 vote per share

Class "B" common shares, conferring 100 votes per share, automatically converted into Class "A" Common shares on January 19, 2023 on a basis of 1 Class "A" common share for 1 Class "B" Common share.

	Period ended June 30, 2019		Period ended June 30, 2018	
	Number	\$	Number	\$
Class "A" common shares	9 152 911	52 045 113	5 414 211	35 228 841
Class "B" common shares	4 510 891	6 153 286	4 510 891	6 153 286
	<u>13 663 802</u>	<u>58 198 399</u>	<u>9 925 102</u>	<u>41 382 127</u>

#### 8. Related Party Transactions

Related parties include the Company's key management personnel. Unless otherwise stated, balances are usually settled in cash. Key management includes directors and senior executives. The remuneration of key management personnel includes the following:

	<u>2019-06-30</u>	<u>2018-06-30</u>
	\$	\$
Management fees	<u>237 500</u>	<u>300 000</u>

#### 9. Additional information - Cash flow

The changes in working capital items are detailed as follows:

	<u>2019-06-30</u>	<u>2019-06-30</u>
	\$	\$
Receivables	56 789	(2 526)
Prepays and refundable deposits	(928 043)	(367 144)
Trade and other payables	<u>2 671 003</u>	<u>1 751 955</u>
	<u>1 799 749</u>	<u>1 382 285</u>
Interest paid	537 346	
Additions to investment properties included in trade and other payables	1 296 711	
Additions to land held for residential development included in trade and other payables	194 072	

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

#### 10. Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and financial liabilities in each category are as follows:

	June 30, 2019		December 31, 2018	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair value \$
<b>Financial assets</b>				
Financial assets at amortized cost				
Cash	86 112	86 112	131 159	131 159
Receivables	66 780	66 780	123 569	123 569
Advances to companies under common control	795 753	795 753	788 240	788 240
Other advances receivable	243 552	243 552	280 762	280 762
	<b>1 192 197</b>	<b>1 192 197</b>	1 323 730	1 323 730
Financial assets at FVTPL				
Investment in a private company	250 000	250 000	250 000	250 000
<b>Total financial assets</b>	<b>1 442 197</b>	<b>1 442 197</b>	1 573 730	1 573 730
<b>Financial liabilities</b>				
Financial liabilities at amortized cost				
Bank loan	3 985 030	3 985 030	3 895 000	3 895 000
Trade and other payables	11 652 252	11 652 252	9 992 640	9 992 640
Other current liabilities	28 685 291	28 685 291	28 664 393	28 664 393
Long term debt	29 650 361	29 650 361	27 535 110	27 535 110
<b>Total financial liabilities</b>	<b>73 972 934</b>	<b>73 972 934</b>	70 087 143	70 087 143

Financial assets and financial liabilities measured at fair value in the interim consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability

The net carrying amounts of cash, receivables, debenture receivable, advances to companies under common control, other advances receivable, bank loan, trade and other current liabilities are considered a reasonable approximation of fair value since all amounts are short-term in nature. The estimated fair value of the long-term debt was calculated based on the discounted value of future payments using interest rates that the

## The Delma Group Inc.

### Notes to the Interim Condensed Consolidated Financial Statements

As at June 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

Company could have obtained as at the reporting date for similar instruments with similar terms and maturities. The fair value of the long-term debt is equivalent to its carrying amount and is categorized in Level 2.

#### 11. Segmental Information

Non-current assets are owned in the following countries:

	<u>2019-06-30</u>	<u>2018-12-31</u>
	\$	\$
Canada	103 701 698	102 155 397

The rental income is 100% in Canada.

#### 12. Subsequent Event

On July 25th, 2019, the Company closed the acquisition of the commercial real estate property located at 395-425, rue des Érables, Salaberry-de-Valleyfield, Quebec. The acquisition was completed by virtue of purchasing 100% of the issued and outstanding shares of 9371-9904 Québec Inc., a private portfolio company that owns all of the equity interest in the Property, held jointly by two arm's length parties to the Company.

The acquisition was paid at a net price of \$2,244,967 paid by the issuance of 955,305 class A common shares in the capital of Delma at a price of \$2.35 per common share, which Purchase Price is inclusive of the settlement of an outstanding debt held by one of the Vendors against the Company, totalling \$400,000 and being settled by the issuance of common shares of the Company at a price of \$2.35 per common share.