The Delma Group Inc.

Interim Condensed Consolidated Financial Statements
September 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 September 30, 2019 and December 31, 2018

(Expressed in Canadian dollars)

	Note	September 30, 2019 (unaudited)	December 31, 2018 (audited)
ASSETS		**$**	$
Current			
Cash		**102 991**	131 159
Receivables and other receivables	**5**	**176 141**	123 569
Assets held for sale		**2 973 100**	4 064 331
Prepaids and refundable deposits		**1 587 934**	862 028
Advances to companies under common control, without interest		**788 240**	788 240
Other advances receivable, without interest		**24 381**	280 762
		5 652 787	6 250 089
Non-current			
Other receivables	**4, 5**	**300 000**	–
Investment properties	**6**	**98 601 632**	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		**3 655**	81 154
Trademarks and domain names	**7**	**–**	1 342 509
Total assets		**117 192 668**	108 655 486
LIABILITIES			
Current			
Credit line		**4 000 000**	3 895 000
Trade and other payables		**13 529 349**	9 992 640
Other current liabilities	**8**	**27 769 439**	27 896 484
Current portion of bank mortgages and long-term debt	**9, 10**	**20 603 621**	20 544 063
		65 902 409	62 328 187
Non-current			
Bank Mortgages	**9**	**13 259 267**	6 679 462
Long-term debt	**10**	**200 691**	409 037
Convertible debentures	**11**	**725 356**	670 457
Deferred income taxes liabilities		**375 000**	375 000
Total liabilities		**80 462 723**	70 462 143
SHAREHOLDERS' EQUITY			
Share capital	**12**	**60 203 041**	57 309 522
Deficit		**(23 473 096)**	(19 116 179)
Total shareholders' equity		**36 729 945**	38 193 343
Total liabilities and shareholders' equity		**117 192 668**	108 655 486

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 nine-month periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars except for number of shares)
(Unaudited)

		Three months ended September 30,		Nine months ended September 30,	
	Note	**2019**	2018	**2019**	2018
		$	$	**$**	$
Revenue		**767 735**	563 497	**2 144 687**	899 733
Operating expenses		**401 649**	342 909	**1 432 135**	366 905
		366 086	220 588	**712 552**	532 828
Administrative expenses		**496 375**	934 630	**1 560 146**	2 197 642
Financing costs		**970 335**	454 153	**2 516 400**	749 160
Amortization		**–**	112 500	**225 000**	337 000
Depreciation		**–**	4 500	**–**	13 500
Loss on sale of Assets held for sale	**4**	**41 900**	–	**224 032**	–
Gain on sale of Properties	**4**	**(120 475)**	–	**(120 475)**	–
Loss on sale of Property and equipment		**–**	–	**66 002**	–
Gain on settlement of some payables		**–**	–	**(126 163)**	–
Gain on settlement of loans		**(263 830)**	–	**(392 983)**	–
Impairment of Intangible assets	**7**	**1 117 510**	–	**1 117 510**	–
Listing fees		**–**		**–**	1 439 587
Loss before income taxes		**(1 875 729)**	(1 285 195)	**(4 356 917)**	(4 204 061)
Income taxes		**–**	–	**–**	375 000
Net loss and comprehensive loss		**(1 875 729)**	(1 285 195)	**(4 356 917)**	(4 579 061)
Basic and diluted net loss per share		**(0,13)**	(0,10)	**(0,31)**	(0,56)
Weighted average number of shares		**14 359 513**	12 636 608	**13 850 114**	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
Nine-month periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars)
(Unaudited)

SHAREHOLDERS' EQUITY

		Share Capital			Non-	
	Note	Number of shares	Amount	Deficit	controlling interests	Total Equity
			$	$	$	$
Balance on December 31, 2018		13 335 992	57 309 522	(19 116 179)	–	38 193 343
Issued to settle payables and debt	**4**	497 536	983 543	–	–	983 543
Issued for business acquisition	**4**	785 092	1 909 976	–	–	1 909 976
Net loss and comprehensive loss		–	–	(4 356 917)	–	(4 356 917)
Balance on September 30, 2019		**14 618 620**	**60 203 041**	**(23 473 096)**	**–**	**36 729 945**
Balance on December 31, 2017		134 599	14 298 608	–	2 641 057	16 939 665
Reverse takeover		5 512 149	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
Acquisition of Lupa Investments		633 890	3 803 340	–	–	3 803 340
Acquisition of Lupa Real Estate Corporation Inc.		266 299	1 569 788	–	–	1 569 788
Acquisition of Corporation Immobilière GHP Inc.		2 468 698	13 329 592	–	–	13 329 592
Debt settlement		8 334	50 004	–	–	50 004
Consulting services paid in shares		33 669	202 014	–	–	202 014
Transactions with owners		13 373 823	60 336 865	–	–	60 336 865
Net loss and comprehensive loss		–	–	(7 504 061)		(7 504 061)
Balance on September 30, 2018		13 373 823	60 336 865	(7 504 061)	–	52 832 804

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 nine-month periods ended September 30, 2019 and 2018

(Expressed in Canadian dollars)
(Unaudited)

	Note	Three months ended September 30, 2019	Three months ended September 30, 2018	Nine months ended September 30, 2019	Nine months ended September 30, 2018
		$	$	$	$
OPERATING ACTIVITIES					
Net loss		**(1 875 729)**	(1 285 195)	**(4 356 917)**	(4 579 061)
Adjustments					
Consulting services paid in shares		**–**	102 006	**147 372**	252 018
Non-cash interest expense		**–**	17 508	**–**	41 022
Listing fees		**–**	–	**–**	1 439 587
Depreciation		**–**	4 500	**–**	13 500
Amortization		**–**	112 500	**225 000**	337 000
Gain on sale of Properties		**(120 475)**	–	**(120 475)**	–
Loss on the sale of Assets held for sale		**41 900**	–	**224 032**	–
Loss on sale of Property and equipment		**–**		**66 002**	
Gain on settlement of accounts payable		**–**	–	**(126 163)**	–
Gain on settlement of loans		**(263 830)**	–	**(392 983)**	–
Units issued for payment of expenses		**–**	–	**847 372**	–
Impairment of intangible assets		**1 117 510**		**1 117 510**	
Deferred Income taxes		**–**	–	**–**	375 000
		(1 100 624)	(1 048 681)	**(2 369 250)**	(2 120 934)
Change in working capital items	**9**	**1 370 792**	1 847 954	**2 758 231**	3 309 774
Cash flows from operating activities		**270 168**	799 273	**388 981**	1 188 840
INVESTING ACTIVITIES					
Advances to companies under common control		**7 513**	26 492	**–**	(91 792)
Other advances receivable		**219 171**	(35 000)	**256 381**	20 072
Cash acquired from acquisitions		**58 374**	(197 681)	**58 374**	(147 858)
Investment properties		**(7 183 384)**	(865 376)	**(8 918 112)**	(7 452 861)
Land held for residential development		**–**	2 300	**(194 072)**	–
Proceeds on disposal of invetsment property		**900 000**		**900 000**	
Proceeds on disposal of Assets held for sale		**767 668**	–	**767 668**	–
Proceeds on disposal of Property and equipment		**–**	–	**11 498**	–
Cash flows from investing activities		**(5 230 658)**	(1 069 265)	**(7 118 263)**	(7 672 439)
FINANCING ACTIVITIES					
Bank loan		**14 970**	–	**105 000**	–
Other current liabilities		**(82 861)**	585 073	**631 101**	6 821 061
Repayment of other current liabilities		**(122 347)**	(219 445)	**(474 350)**	(241 826)
Bank mortgages		**5 165 947**	–	**5 165 947**	–
Long-term debt		**(17 261)**	–	**2 190 499**	–
Repayment of bank mortgages		**–**	–	**(787 083)**	–
Repayment of long-term debt		**(26 126)**	–	**(130 000)**	–
Cash flows from financing activities		**4 932 322**	365 628	**6 701 114**	6 579 235
Net change in cash		**(28 168)**	95 636	**(28 168)**	95 636
Cash, beginning of period		**131 159**	3 028	**131 159**	3 028
Cash, end of period		**102 991**	98 664	**102 991**	98 664

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 September 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, and is governed, since January 19, 2018, by the Canada Business Corporations Act. The Company is listed 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 September 30, 2019, the Company has not yet generated positive cash flows from its operations and has a negative working capital of $60,249,622. 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 uncertainty 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.

3. Basis of presentation and significant accounting policies

The unaudited interim condensed consolidated financial statements present the Company's consolidated balance sheet as at September 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 nine-month periods ended September 30, 2019 and 2018.

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Starndard ("IAS") 34 – Interim Financial Reporting and are expressed in Canadian dollars. Accordingly, certain information and footnote 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 September 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 November 27, 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.

4. Transactions

a) Acquisition of 9371-9904 Québec Inc.
On July 25, 2019, the Company completed the acquisition of 100% of the shares of 9371-9904 Québec Inc. for a total consideration of $1,909,976. The purchase was financed by the issuance of 785,092 Class "A" common shares of the Company at a price of $2.43 per share. The agreement also considers a $400,000 debt settlement by the issuance of 170,213 Class "A" common shares.

The fair value of the consideration of the net assets acquired by Delma was estimated at $1,909,976 using the estimated fair value of the net assets and the assessment of a third-party valuator. The assessment and the allocation remain subject to the completion of ther review from the auditors. The acquisition was accounted for as an asset purchase and the balance sheet and the results of operations of 9371-9904 Québec Inc. have been consolidated with the Company as of July 25, 2019.

(Expressed in Canadian dollars)

Net assets acquired:	
Cash	58 374
Investment property	7 425 000
Bank mortgage	(5 153 138)
Other current liabilities	(420 260)
Total	**1 909 976**
Consideration:	
Shares issued	**1 909 976**

The impact of the acquisition on revenue and net loss between July 25, 2019 and September 30, 2019 has been $79,575 and $35,147 (as net income) respectively.

b) Disposal of 9920-9924 St-Laurent

During the third quarter, the Company sold its 9920-9924 St Laurent property for gross proceeds of $900,000 in cash and recognized a gain of $120,475.

c) Disposal of partial Blueberry Lake Resort's assets

During the third quarter, the Company sold some of its property and trademarks of Blueberry Lake Resort for cash consideration of $600,000 and a balance of sale of $400,000; the balance of sale is payable in parts in August 2020 and 2021 and carries a 3% interest calculated annually. The Company recognized a loss of $41,900.

5. Receivables and other receivables

	2019-09-30 (9 months)	2018-12-31 (12 months)
	$	$
Trade receivables	**76 141**	123 569
Balance of sale	**100 000**	–
	176 141	123 569

The Balance of sale is detailled as follows:		
Balance of sale, no interest, maturing in August 2020	**100 000**	–
Balance of sale, 3%, maturing in August 2021	**300 000**	–
	400 000	0
Current portion of balance of sale	**(100 000)**	
Non-current portion of other receivables	**300 000**	0

The Delma Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
As at September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

6. Investment Properties

A reconciliation of the investment properties is as follows:

	2019-09-30 (9 months)	2018-12-31 (12 months)
	$	$
Balance, beginning of period	**88 541 212**	14 910 200
Acquistion of the Bromont Group	**–**	32 043 474
Lupa Acquisition	**–**	6 065 000
GHP Acquisition	**–**	33 017 363
Lupa II Acquisition	**–**	6 595 000
9371 Acquisition	**7 425 000**	–
Disposals	**(767 668)**	–
Other acquisitions	**100 424**	10 537 528
Decrease in fair value of investment properties	**–**	(12 395 200)
Borrowing costs	**2 582 815**	1 215 257
Development costs	**719 849**	567 590
Reclassified as assets held for sale	**–**	(4 015 000)
Balance, end of period	**98 601 632**	88 541 212

The investment properties are composed of the following:

	2019-09-30	2018-12-31
	$	$
Investment properties at fair value		
Lands in Bromont, Bromont, Quebec, Canada	**34 551 970**	32 693 789
9700 St-Laurent Blvd, Montreal, Quebec, Canada	**1 400 000**	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
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	**1 216 694**	1 167 491
2001 Chemin Oka, Deux-Montagnes, Quebec, Canada	**908 048**	902 874
Land in Levis, Levis, Quebec, Canada	**10 852 809**	10 264 624
472-474 Knowlton, Lac Brome, Quebec, Canada	**2 950 745**	2 898 577
117 Lépine, Gatineau, Quebec, Canada	**7 877 280**	7 079 528
121 Lépine, Gatineau, Quebec, Canada	**4 570 000**	4 570 000
395-425, Des Érables, Valleyfield, (Qc)	**7 425 000**	–
2055 Desjardins Av., Montreal, Quebec, Canada	**4 098 879**	4 098 879
Land in Blainville, Blainville, Quebec, Canada	**1 670 361**	1 634 134
	98 601 632	88 541 212

(Expressed in Canadian dollars)

7. Trademarks and domain names

Management periodically reviews the carrying value of the intangible asset portfolio whenever there is an indication of impairment. During the quarter, the Company concluded that the sale of its Blueberry Lake assets and the approval for the name change were events indicating the carrying amount of the Company's intangible assets may not be recoverable. Management performed an impairment analysis as at September 30, 2019 and concluded that Intangible assets with a carrying value of $1,117,510 (2018 - $nil) were impaired.

8. Other current liabilities

	2019-09-30	2018-12-31
	$	$
Promissory notes, 24% (22% - December 31, 2018)	**636 654**	556 735
Liabilities of an asset held for sale, 8%	**–**	28 600
Advances, 9%, secured by Lands in Bromont	**6 774 000**	6 683 605
Advances, 9%	**145 790**	455 370
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	**1 000 955**	980 164
Loan from a company controlled by a director, 11% plus monthly fees of $11,012, secured by a first rank hypotec on 117 Lepine	**525 000**	408 000
Term Loan, 12%, secured by a second rank hypotec on St-Laurent, Lépine and St-Jean-Baptiste properties, payable in May 2020	**1 300 000**	1 300 000
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, 5%, secured by a third party	**–**	400 000
Loan, 8%, secured by 117 Lepine and a guarantee from a director	**3 880 000**	3 800 000
Advances, 12%	**115 000**	–
Loan, fixed fees of $5,000, matured on September 2019, payable on demand	**105 000**	–
Other	**68 654**	65 624
	27 769 439	27 896 484

The Delma Group Inc.

Notes to the Interim Condensed Consolidated Financial Statements

As at September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

9. Bank Mortgages

	2019-09-30	2018-12-31
	$	$
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	**3 150 160**	3 212 728
Term loan, 4.18%, capital and interest payable in monthly payments of $12,138, maturing in October 2023, secured by a hypotec on 2055 Desjardins avenue and a guarantee from a director.	**2 460 684**	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	**1 147 636**	1 171 829
Term loan, 4.06%, capital and interest payable in monthly payments of $9,979, secured by a hypothec on 475-489 Le Breton and 505-531 Le Breton and a guarantee from two third parties, maturing in April 2022	**1 703 256**	1 743 183
Term loan, 3.34%, secured by 1124 Place Verner, matured and payable on demand	**268 683**	275 078
Term loan, 4.62%, secured by 600-650 Orly Avenue and a guarantee from a third party, matured and payable on demand	**3 850 593**	3 837 784
Term loan, 4.98%, capital and interest payable in monthly payments of $5,247, secured by a hypothec on 9700 St-Laurent Blvd and a guarantee from a company controlled by a director, matured and payable on demand	**518 375**	553 192
Mortgage, 4.62%, secured by 395-425, Des Érables, Valleyfield, and a guarantee from a director and a third party, capital and interest payable in monthly payments of $29,129, maturing in February 2024	**5 134 142**	–
Term loan, 5.67%, $3,976 monthly, reimbursed in August 2019	**–**	567 909
Term loan, prime rate plus 1%, payable on demand, secured by 185 Dorval. Under the credit agreement the Company must respect financial covenants which were not respected as at September 30, 2019.	**4 777 500**	4 777 500
	23 011 029	18 632 165
Current portion	**9 751 762**	11 952 703
	13 259 267	6 679 462

The Delma Group Inc.

Notes to the Interim Condensed Consolidated Financial Statements

As at September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

10. Long-Term Debt

	2019-09-30	2018-12-31
	$	$
Term loan, 46,9%, capital and interest payable weekly payments of $6,112, maturing in October 2020, secured by a guarantee from a director and a third party	**379 260**	387 606
Term loan, 12%, secured by a second rank hypotec on Verner property, payable in January 2020	**200 000**	200 000
Term loan, 10%, matured, payable on demand and secured by Blueberry Lake Resort	**293 000**	293 000
Term loan, 13%, repaid in August, was payable on demand and secured by Blueberry Lake Club House, which is a part of Blueberry Lake Resort.	**–**	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	**3 144 290**	3 143 791
Term loan, 12%, payable on demand	**106 000**	106 000
Term loan, 5%, secured by 860 Cité des jeunes and by a guarantee from a third party, payable in December 2019	**400 000**	400 000
Term loan, 8%, matured in January 2019, secured by 860 Cité des jeunes, payable on demand	**350 000**	350 000
Term loan, 12%, secured by Land in Levis, matured and payable on demand	**3 500 000**	3 500 000
Loan, without interest, matured in April 2019, secured by land on the Blueberry Lake Resort	**530 000**	490 000
Term loan, 12.5%, secured by a second rank hypotec on 185, Dorval, payable in April 2020	**1 150 000**	–
Term loan, 8%, secured by a second rank hypotec on 600-650 Orly Avenue, conversion right into Class A common shares at $3.00 per share,additionnal 4% interest should the lender decide not to convert, payable in March 2020	**1 000 000**	–
	11 052 550	9 000 397
Current portion	**10 851 859**	8 591 360
	200 691	409 037

The Delma Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
As at September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

11. Convertible debentures

Convertible debentures and $174,714 interest payable, 8.8% and 10%, secured by all present and future residential property of the Company, expired in March 2019	**725 356**	670 457

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.

12. Share capital

The Company's 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 September 30, 2019		Period ended September 30, 2018	
	Number	**$**	Number	$
Class “A” common shares	**10 107 729**	**54 049 755**	5 414 211	35 228 841
Class “B” common shares	**4 510 891**	**6 153 286**	4 510 891	6 153 286
	14 618 620	**60 203 041**	9 925 102	41 382 127

At September 30, 2019, a total of 487,839 outstanding Class “A” common shares and 1,916,651 outstanding Class “B”common shares are subject to an escrow agreement and are to be released on a staged basis as follows:

	Class “A” common shares	Class “B” common shares
March 23, 2020:	162 613	638 884
September 23, 2020:	162 613	638 884
March 23, 2021:	162 613	638 884

The Delma Group Inc.
Notes to the Interim Condensed Consolidated Financial Statements
As at September 30, 2019
(Expressed in Canadian dollars)
(Unaudited)

13. 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:

	2019-09-30	2018-09-30
	$	$
Management fees	**445 780**	450 000

14. Additional information - Cash flow

The changes in working capital items are detailed as follows:

	2019-09-30	2018-09-30
	$	$
Receivables	**(52 572)**	(3 026 103)
Prepaids and refundable deposits	**(725 906)**	(560 492)
Trade and other payables	**3 536 709**	6 896 369
	2 758 231	3 309 774
Interest paid	**789 328**	
Additions to investment properties included in trade and other payables	**2 264 927**	
Additions to land held for residential development included in trade and other payables	**194 072**	

15. Financial Assets and Liabilities

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

	September 30, 2019		December 31, 2018	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets	**$**	**$**	$	$
Financial assets at amortized cost				
Cash	**102 991**	**102 991**	131 159	131 159
Receivables	**176 141**	**176 141**	123 569	123 569
Advances to companies under common control	**788 240**	**788 240**	788 240	788 240
Other advances receivable	**24 381**	**24 381**	280 762	280 762
	1 091 753	**1 091 753**	1 323 730	1 323 730
Financial assets at FVTPL				
Investment in a private company	**250 000**	**250 000**	250 000	250 000
Total financial assets	**1 341 753**	**1 341 753**	1 573 730	1 573 730

The Delma Group Inc.

Notes to the Interim Condensed Consolidated Financial Statements

As at September 30, 2019

(Expressed in Canadian dollars)

(Unaudited)

Financial liabilities				
Financial liabilities at amortized cost				
Bank loan	**4 000 000**	**4 000 000**	3 895 000	3 895 000
Trade and other payables	**13 529 349**	**13 529 349**	9 992 640	9 992 640
Other current liabilities	**27 769 439**	**27 769 439**	27 896 484	27 896 484
Bank mortgages	**23 011 029**	**23 011 029**	18 632 165	18 632 165
Long term debt	**11 052 550**	**11 052 550**	9 000 397	9 000 397
Convertible debentures	**725 356**	**725 356**	670 457	670 457
Total financial liabilities	**80 087 723**	**80 087 723**	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 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.

16. Segmental Information

Non-current assets are owned in the following countries:

	2019-09-30	2018-12-31
	$	$
Canada	**110 989 881**	102 155 397

The rental income is 100% in Canada.

The Delma Group Inc.
Interim Consolidated Financial Statements
Three-month periods ended September 30, 2019 and 2018