



Intouch Insight

Interim Condensed Consolidated Financial Statements

Intouch Insight Ltd.

(formerly known as Intouch Survey Systems Ltd.)

for the three and nine months ended September 30, 2017, and 2016

(Unaudited, expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Intouch Insight Ltd. 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 financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Cameron Watt
President and Chief Executive Officer

George Pretli
Chief Financial Officer

Intouch Insight Ltd.
Unaudited Interim Condensed Consolidated Financial Statements
As at September 30, 2017

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Intouch Insight Ltd.

Unaudited Interim Condensed Consolidated Statements of Earnings (loss) and Comprehensive Income

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
Revenue	4	\$ 3,669,461	\$ 3,187,766	\$ 10,728,217	\$ 9,989,456
Cost of services		<u>1,672,279</u>	<u>1,599,009</u>	<u>4,982,181</u>	<u>4,814,599</u>
		1,997,182	1,588,757	5,746,036	5,174,857
Expenses					
Selling	5	293,040	332,461	1,034,328	1,038,486
General and administrative	6	1,250,362	898,662	3,647,033	2,954,696
Product development	7	<u>402,973</u>	<u>376,632</u>	<u>1,060,164</u>	<u>1,045,060</u>
		<u>1,946,375</u>	<u>1,607,755</u>	<u>5,741,525</u>	<u>5,038,242</u>
Earnings (loss) from operating activities		50,807	(18,998)	4,511	136,615
Non-operating earnings (expense)					
Finance costs		(17,424)	(15,103)	(47,519)	(66,967)
Loss on transaction with associate	8	-	-	-	(15,000)
Sale of investment in IPSG Technology	8	-	-	10,000	-
Net earnings (loss) before income taxes		<u>33,383</u>	<u>(34,101)</u>	<u>(33,008)</u>	<u>54,648</u>
Income taxes	16				
Future tax recovery (expense)		-	-	-	(1,892)
Current income tax		-	-	-	-
Net earnings (loss) and comprehensive income (loss)		<u>\$ 33,383</u>	<u>\$ (34,101)</u>	<u>\$ (33,008)</u>	<u>\$ 52,756</u>
Net earnings (loss) per share	9				
Basic		\$ 0.00	\$ (0.00)	\$ (0.00)	\$ 0.00
Diluted		\$ 0.00	\$ (0.00)	\$ (0.00)	\$ 0.00

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

Intouch Insight Ltd.

Unaudited Interim Condensed Consolidated Statements of Financial Position

As at September 30, 2017 and December 31, 2016

(in Canadian Dollars)

Assets	Note	September 30, 2017	December 31, 2016
<i>Current Assets</i>			
Cash		\$ 2,355	\$ 409,272
Trade and other receivables	10	2,559,484	1,888,052
Prepaid expenses and deposits		72,637	263,282
		<u>2,634,476</u>	<u>2,560,606</u>
Property and equipment	11	1,188,877	688,867
Deferred tax assets		402,876	404,242
Investment tax credit recoverable		154,034	154,034
Intangible assets	12	1,485,247	1,863,082
		<u>\$ 5,865,510</u>	<u>\$ 5,670,831</u>
Liabilities and Shareholders' Equity			
<i>Current Liabilities</i>			
Bank indebtedness		\$ 61,725	\$ -
Trade and other liabilities		663,419	797,576
Deferred revenue		204,697	131,781
Current portion of long-term debt	13	419,183	250,000
		<u>1,349,024</u>	<u>1,179,357</u>
Long-term debt	13	267,244	229,167
Deferred tax liability		313,037	313,037
		<u>1,929,305</u>	<u>1,721,561</u>
<i>Shareholders' Equity</i>			
Share capital	14	2,905,601	2,859,169
Contributed surplus		422,093	448,582
Earnings (deficit)		608,511	641,519
		<u>3,936,205</u>	<u>3,949,270</u>
		<u>\$ 5,865,510</u>	<u>\$ 5,670,831</u>

ON BEHALF OF THE BOARD

Original signed by:
Eric Beutel, Director

Original signed by:
Michael Gaffney, Director

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Intouch Insight Ltd.

Unaudited Interim Condensed Consolidated Statements of Changes in Equity

Nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

	Note	Number of Common Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at January 1, 2016		15,123,311	\$ 3,021,978	\$ 412,964	\$ 596,112	\$ 4,031,054
Stock-based compensation				26,385		26,385
Transactions with owners		15,123,311	\$ 3,021,978	\$ 439,349	\$ 596,112	\$ 4,057,439
Net earnings and comprehensive earnings for the nine months ended September 30, 2016					52,756	52,756
Repurchase and cancellation of shares per Normal Course Issuer Bid	14	(395,500)	(155,580)			(155,580)
Balance at September 30, 2016		<u>14,727,811</u>	<u>\$ 2,866,398</u>	<u>\$ 439,349</u>	<u>\$ 648,868</u>	<u>\$ 3,954,615</u>
Balance at January 1, 2017	14	14,709,478	\$ 2,859,169	\$ 448,582	\$ 641,519	\$ 3,949,270
Issuance of share capital related to the exercise of share options	15	220,000	\$ 120,624	\$ (44,224)		\$ 76,400
Stock-based compensation	15			17,735		17,735
Transactions with owners		14,929,478	\$ 2,979,793	\$ 422,093	\$ 641,519	\$ 4,043,405
Net earnings and comprehensive earnings for the nine months ended September 30, 2017					(33,008)	(33,008)
Repurchase and cancellation of shares per Normal Course Issuer Bid	14	(171,000)	(74,192)			(74,192)
Balance at September 30, 2017	14	<u>14,758,478</u>	<u>\$ 2,905,601</u>	<u>\$ 422,093</u>	<u>\$ 608,511</u>	<u>\$ 3,936,205</u>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

Intouch Insight Ltd.

Unaudited Interim Condensed Consolidated Statements of Cash Flows

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2017	2016	2017	2016
CASH PROVIDED BY (USED IN):					
Operating activities					
Net earnings (loss)		\$ 33,383	\$ (34,101)	\$ (33,008)	\$ 52,756
Adjustments to net earnings (loss)					
Amortization of property and equipment	11	86,204	67,855	215,891	213,088
Amortization of intangible assets	12	125,941	115,145	377,835	367,937
Finance costs		17,424	15,103	47,519	66,967
Loss on transactions with associate		-	-	-	15,000
Stock-based compensation expense	15	5,986	9,497	17,735	26,385
Loss on disposal of property and equipment		-	-	(2,654)	(2,477)
Future tax expense		715	-	1,367	1,892
Net change in non-cash operating working capital	17	80,126	(32,307)	(542,027)	234,410
Net cash flows from operating activities		349,779	141,192	82,658	975,958
Financing activities					
Decrease in bank indebtedness		(398,834)	-	61,725	(230,000)
Issuance of long-term debt		394,760	-	394,760	-
Repayment of long-term debt		(62,500)	(114,224)	(187,500)	(342,672)
Issuance of share capital		-	-	76,400	-
Repurchase of share capital	14	(37,517)	(36,235)	(74,192)	(155,580)
Finance costs		(17,424)	(15,103)	(47,519)	(66,967)
Cash flows from financing activities		(121,515)	(165,562)	223,674	(795,219)
Investing activities					
Funds transferred to an associate	8	-	-	-	(15,000)
Proceeds on disposal of property and equipment		-	-	5,237	3,552
Purchase of property and equipment	11	(262,823)	(18,098)	(718,486)	(44,506)
Cash flows from investing activities		(262,823)	(18,098)	(713,249)	(55,954)
NET CASH INFLOW (OUTFLOW) IN PERIOD		(34,559)	(42,468)	(406,917)	124,785
CASH, BEGINNING OF PERIOD		36,914	535,954	409,272	368,701
CASH, END OF PERIOD		<u>\$ 2,355</u>	<u>\$ 493,486</u>	<u>\$ 2,355</u>	<u>\$ 493,486</u>
Additional Information					
Interest received		\$ -	\$ -	\$ -	\$ -
Income tax paid		\$ -	\$ -	\$ 37,854	\$ -

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements

INTOUCH INSIGHT LTD.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

1. CORPORATE INFORMATION

Intouch Insight Ltd. ("Intouch" or the "Company") is a publicly listed company and is incorporated under the Canada Business Corporations Act. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol INX. The address of Intouch's registered office and its principal place of business is 400 March Road, Ottawa, Ontario, Canada K2K 3H4.

On June 21, 2016, at the Annual and Special Meeting of Shareholders, the shareholders voted unanimously to change the name of the Company from In-Touch Survey Systems Ltd. to Intouch Insight Ltd. to reflect the names of its subsidiaries. The name change became effective on July 15, 2016.

Intouch and its subsidiaries primary business activity is the design, development and implementation of data capture and measurement technologies for business to consumer companies ("B2C") striving to connect with prospects, customers, suppliers, employees and managers. The technologies enable our customers to implement interactive data capture solutions with little complexity and minimal setup time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and statement of compliance with IFRS

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required in annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), and should be read in conjunction with the consolidated financial statements of the Company for the year ended December 31, 2016.

The preparation of the interim condensed consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the interim condensed consolidated financial statements are the same as those applied in the Company's most recent annual consolidated financial statements. The only exception is the estimate used for the income tax provision. This provision is determined using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

(b) Significant accounting policies

The same accounting policies are followed in the interim condensed consolidated financial statements as were followed in the most recent annual financial statements.

(c) Critical accounting estimates and judgments

The Company's interim consolidated financial statements are prepared in accordance with IFRS recognition and measurement principles that often require Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts presented and disclosed in the measurement of assets, liabilities, income and expenses. Management reviews these estimates and assumptions on an ongoing basis based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The estimates, judgments and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual audited consolidated financial statements for the year ended December 31, 2016. The only exception is the estimate of the provision for income taxes which is determined in the interim consolidated financial statements using the estimated weighted average annual income tax rate expected for the full financial year applied to the pre-tax income of the interim period.

3. BUSINESS COMBINATION

RetailTrack

On December 1, 2016, as part of its continuing strategy of growth through acquisition, the Company entered into a business transfer agreement with The Belding Group of Companies based in Canada ("the Belding Group"). The transaction resulted in the Company purchasing assets of RetailTrack and the Company taking on certain employees, which would enable Intouch to service the RetailTrack existing customers. RetailTrack is a business providing the same data collection services in North America as the Company provides. The Company has accounted for this transaction as a business combination under IFRS 3 as the group of assets acquired met the definition of a business.

Cash outlays related to the acquisition were \$125,000. The Belding Group also provides business training services and many of their training clients are those of RetailTrack. As such the Belding Group, in order not to jeopardize their training clients, would only sell RetailTrack to a Company they had confidence could continue the business. Since this limited the sale, the Company received a bargain purchase price and recorded negative goodwill of \$46,000 in December of 2016.

INTOUCH INSIGHT LTD.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

For the period, July 1, 2017 to September 30, 2017, the acquired business added revenues of \$74,163 (YTD 2017 - \$217,524). The acquired business had revenues of \$81,634 from July 1, 2016 to September 30, 2016 (YTD 2016 - \$278,507).

Statopex Inc.

On October 1, 2015, as part of its continuing strategy of growth through acquisitions, the Company entered into a business transfer agreement with Statopex Inc. ("Statopex") based in Canada. The share purchase transaction resulted in the Company owning 100% of Statopex as well as 100% of their holding companies. The Company then amalgamated the holding companies into Statopex and immediately wound the business up into the Company. Statopex is a company providing the same data collection services in Canada as the Company provides in North America.

Cash outlays and contingent consideration related to the acquisition will be a maximum of \$1,600,000, which consists of cash payments paid upon signing the agreement with another \$150,000 payable based on the aggregate gross revenues related to existing Statopex clients plus new customers obtained during the first year, plus another \$150,000 payable under the same conditions during the second year. On the date of the acquisition the Company recorded the fair value of the contingent consideration at \$216,256. The initially recognized contingent consideration represents the present value of the Company's estimate of the probability-weighted cash outflows. As at December 31, 2016, the fair value of the contingent consideration was recorded as \$126,961 and as at September 30, 2017, was recorded as \$141,890. It reflects management's estimate of the maximum royalty payments which have been discounted using an interest rate of 25%.

For the quarter ended September 30, 2017, the acquired business added revenues of \$1,051,865 (YTD 2017 - \$2,953,080). The acquired business had revenues of \$930,997 for the quarter ended September 30, 2016 and \$2,912,732 from January 1, 2016, to September 30, 2016.

4. REVENUE

The Company receives revenue from software applications and related services to its customers in a market referred to as data collection and reporting services.

The Company's strategy is to focus on software applications, and as a result tracks its recurring revenue. The following chart shows the breakdown of recurring and services revenue for the third quarter and year-to-date ending September 30, 2017 and 2016.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Recurring revenue	\$ 618,217	\$ 592,915	\$ 1,720,916	\$ 1,762,114
Services revenue	\$ 3,051,244	\$ 2,594,851	\$ 9,007,301	\$ 8,227,342
Total revenue	\$ 3,669,461	\$ 3,187,766	\$ 10,728,217	\$ 9,989,456

Geographical

The Company reports its revenue by geographical location of its customers. No significant property and equipment are maintained outside of Canada.

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Canada	\$ 1,599,341	\$ 1,430,498	\$ 4,647,168	\$ 4,402,027
US	2,070,120	1,757,268	6,081,049	5,587,429
Total revenue	\$ 3,669,461	\$ 3,187,766	\$ 10,728,217	\$ 9,989,456

Major customers

Revenues from specific clients, each with 10% or more of total Company revenues, are summarized as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Customer 1	\$ 608,266	\$ 608,558	\$ 1,900,874	\$ 1,845,171
Total dollars	\$ 608,266	\$ 608,558	\$ 1,900,874	\$ 1,845,171

INTOUCH INSIGHT LTD.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

Major trade accounts receivable

Accounts receivable from specific clients, each with 10% or more of total Company receivables, are summarized as follows:

	As at September 30			
	2017		2016	
Customer 1	\$	237,576	\$	214,692
Total dollars	\$	237,576	\$	214,692

5. SELLING EXPENSES

Selling expenses for the Company are broken down as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Marketing expenses	\$ 73,955	\$ 85,388	\$ 286,448	\$ 252,930
Travel expenses	\$ 29,585	\$ 34,621	\$ 140,282	\$ 111,100
Salaries and benefits	\$ 189,500	\$ 212,452	\$ 607,598	\$ 679,456
Government agency grant received for youth employment	\$ -	\$ -	\$ -	\$ (5,000)
Selling expenses	\$ 293,040	\$ 332,461	\$ 1,034,328	\$ 1,038,486

6. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the Company are broken down as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Corporate administration	\$ 200,952	\$ 246,250	\$ 812,455	\$ 739,049
Consultant fees	\$ 5,507	\$ 13,449	\$ 56,610	\$ 38,296
Professional fees	\$ 6,586	\$ 4,822	\$ 90,274	\$ 120,121
Listing fees	\$ 20,894	\$ 15,874	\$ 61,484	\$ 48,774
Salaries and benefits ⁽¹⁾	\$ 817,802	\$ 498,961	\$ 2,088,560	\$ 1,508,415
Loss (gain) on disposal of property and equipment	\$ -	\$ -	\$ (2,654)	\$ (2,477)
Loss (gain) on foreign exchange	\$ 48,006	\$ (9,966)	\$ 113,651	\$ 82,883
Amortization expense	\$ 150,615	\$ 129,272	\$ 426,653	\$ 419,635
General and administrative expenses	\$ 1,250,362	\$ 898,662	\$ 3,647,033	\$ 2,954,696

⁽¹⁾ Share-based compensation (a non-cash item) of \$5,986 (Q3 2016 - \$9,497) was included in Salaires and benefits. Year-to-date 2017, \$17,735 was included compared to \$26,385 in 2016.

7. PRODUCT DEVELOPMENT EXPENSES

Product development expenses for the Company are broken down as follows:

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Salaries and benefits	\$ 402,973	\$ 376,632	\$ 1,251,664	\$ 1,129,560
Grant received for software application development	\$ -	\$ -	\$ (191,500)	\$ (84,500)
Product development expenses	\$ 402,973	\$ 376,632	\$ 1,060,164	\$ 1,045,060

INTOUCH INSIGHT LTD.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

8. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Dodoname Inc.

On June 6, 2014, the Company finalized an agreement to sell certain intellectual property assets to a new company, Dodoname Inc. ("Dodoname"), a marketing privacy company located in Nova Scotia, in exchange for share in Dodoname. As a result of the transaction the Company held 100% ownership of Dodoname and was considered to have control. The former CEO, and current executive chairman and director of the Company, is the CEO and a director of Dodoname. The fair value of the net assets sold to the new company was \$45,000.

Subsequent to the initial investment by the Company, an additional \$100,000 was invested in Dodoname by the Company concurrent with an equity financing by seven other investors. The additional equity financing in Dodoname resulted in the Company's investment being diluted to approximately 41% of the voting and equity interest. Intouch was deemed to lose control over Dodoname although continues to exercise significant influence over Dodoname through its shareholding and board representation. As a result of the loss of control the investment in Dodoname was recorded as an investment in an associate and is accounted for using the equity method in accordance with IFRS 28, "Investments in Associates and Joint Ventures" ("IAS 28"). The Company's share of Dodoname's net losses subsequent to the loss of control is recorded in the Consolidated Statements of Earnings and Comprehensive Income.

The shares of Dodoname Inc. are not publicly listed on a stock exchange and hence published price quotes are not available. The aggregate amount of the associate can be summarized as follows:

	September 30, 2017	September 30, 2016
Current assets	\$	3,038
Non-current assets	\$	25,331
Current liabilities	\$	35,886
Non-current liabilities	\$	20,092
Revenues	\$	-
Net loss and comprehensive loss	\$	(19,600)

The Company had agreed to provide \$30,000 payable \$2,500 per month for 12 months beginning in July of 2015, as a further investment. At this time no further shares have been issued to the Company and at September 30, 2016, the Company believed that the fair value of the \$30,000 paid to date, was impaired and therefore had accounted for this investment in the statement of earnings as a loss on transaction with associate. Of this amount \$15,000 had been accounted as a loss as at December 31, 2015, and the remaining \$15,000 was accounted for as a loss on June 30, 2016. The Company has not incurred any further contingent liabilities or other commitments relating to its investment in this associate.

A reconciliation of the above summarized financial information to the carrying amount of the interest is set out below:

	September 30, 2017	September 30, 2016
Total net assets	\$	(27,609)
Proportion of ownership interest held by the Company	41%	41%
Total net assets held by the Company	\$	-

The Company's share of losses exceeded the original investment by the Company and therefore has deemed the carrying amount of the investment as \$Nil. Share of loss not recognized in Q3 2017 was \$Nil (YTD 2017 - \$3,771) compared to \$4,074 in Q3 2016 (YTD 2016 - \$8,089).

IPSG Technology Inc.

On June 30, 2017, the Company finalized an agreement to sell its shares of IPSG Technology Inc. ("IPSG") to the CEO and other shareholder and director of IPSG. The Company had previously recorded losses that exceeded the original investment and therefore had deemed the carrying amount of the investment as \$Nil. In exchange for the Company's 49% share in IPSG, the cancellation of the service level agreement and an agreement not to incur any future contingent liabilities or other commitments, the Company received a one-time payment of \$10,000. The shares of IPSG are not publicly listed on a stock exchange and hence published price quotes are not available.

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the relevant periods is based on the following information:

INTOUCH INSIGHT LTD.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2017 and 2016

(in Canadian Dollars)

	9 months ended September 30	
	2017	2016
Weighted average number of common shares - basic	14,619,431	14,966,842
Additions to reflect the dilutive effect of employee stock options	-	900,001
Note: For year-to-date 2017, the anti-dilutive effect is excluded from the net loss per share computation		
Weighted average number of common shares - diluted	14,619,431	15,866,843

10. TRADE AND OTHER RECEIVABLES

Trade and other receivables consist primarily of trade receivables from billings of consulting, custom development, system use and license fees and reports as well as other receivables.

	As at	As at
	September 30, 2017	December 31, 2016
Trade accounts receivable, gross	\$ 2,375,757	\$ 1,755,782
Allowance for doubtful accounts	-	-
Trade accounts receivable, net	\$ 2,375,757	\$ 1,755,782
Unbilled receivables	183,727	132,270
Trade and other receivables	\$ 2,559,484	\$ 1,888,052

Trade receivables past due but not impaired can be shown as follows:

	As at	As at
	September 30, 2017	December 31, 2016
1 - 60 days past due	\$ 1,201,304	\$ 128,436
Greater than 60 days past due	331,904	15,326
	\$ 1,533,208	\$ 143,762

Management considers that the above-stated financial assets, including those 1-60 days and greater than 60 days, are of good credit quality.

11. PROPERTY AND EQUIPMENT

The following tables summarize the changes in the carrying amount of property and equipment:

INTOUCH INSIGHT LTD.

Notes to the Unaudited Interim Condensed Consolidated Financial Statements Three and nine months ended September 30, 2017 and 2016 (in Canadian Dollars)

	Computer Equipment	Kiosks	Kiosk Tablets	Furniture and Equipment	Leasehold Improvements	Total
Cost:						
At December 31, 2015	\$ 170,634	\$ 383,797	\$ 989,413	\$ 142,784	\$ 31,950	\$ 1,718,578
Additions	\$ 37,935	\$ -	\$ 23,521	\$ 11,608	\$ -	\$ 73,064
Disposals	\$ (84,832)	\$ -	\$ (99,177)	\$ (11,349)	\$ (31,950)	\$ (227,308)
At December 31, 2016	\$ 123,737	\$ 383,797	\$ 913,757	\$ 143,043	\$ -	\$ 1,564,334
Additions	\$ 57,541	\$ -	\$ 410,446	\$ 66,332	\$ 184,167	\$ 718,486
Disposals	\$ (8,783)	\$ -	\$ (1,236)	\$ -	\$ -	\$ (10,019)
At September 30, 2017	\$ 172,495	\$ 383,797	\$ 1,322,967	\$ 209,375	\$ 184,167	\$ 2,272,801
Accumulated Amortization:						
At December 31, 2015	\$ 105,046	\$ 304,219	\$ 329,584	\$ 47,963	\$ 21,753	\$ 808,565
Amortization	\$ 40,909	\$ 15,916	\$ 209,674	\$ 16,439	\$ 10,197	\$ 293,135
Disposals	\$ (84,832)	\$ -	\$ (98,102)	\$ (11,349)	\$ (31,950)	\$ (226,233)
At December 31, 2016	\$ 61,123	\$ 320,135	\$ 441,156	\$ 53,053	\$ -	\$ 875,467
Amortization	\$ 20,111	\$ 11,937	\$ 155,137	\$ 12,691	\$ 16,015	\$ 215,891
Disposals	\$ (6,816)	\$ -	\$ (618)	\$ -	\$ -	\$ (7,434)
At September 30, 2017	\$ 74,418	\$ 332,072	\$ 595,675	\$ 65,744	\$ 16,015	\$ 1,083,924
Carrying amounts:						
At December 31, 2016	\$ 62,614	\$ 63,662	\$ 472,601	\$ 89,990	\$ -	\$ 688,867
At September 30, 2017	\$ 98,077	\$ 51,725	\$ 727,292	\$ 143,631	\$ 168,152	\$ 1,188,877

All of the above assets are pledged as security for debt obligations as identified in Note 13. There were no impairment indicators as at the end of December 2016 and September 2017. Amortization in Q3 2017 of \$61,530 is included in cost of services (YTD 2017 - \$167,074) while an amount of \$24,674 for Q3 2017 is included in general and administrative expenses (YTD 2017 - \$48,818).

12. INTANGIBLE ASSETS

The following table summarizes the changes in the carrying amount of intangible assets:

	Acquired Trademarks	Acquired customer relationships	Acquired Shopper/ Auditor database	Software	Total
Cost:					
At December 31, 2015	\$ 161,646	\$ 2,384,226	\$ 170,199	\$ 388,216	\$ 3,104,287
Additions: Business combination	12,000	150,000	9,000	-	171,000
At December 31, 2016	\$ 173,646	\$ 2,534,226	\$ 179,199	\$ 388,216	\$ 3,275,287
Additions:	\$ -	\$ -	\$ -	\$ -	\$ -
At September 30, 2017	\$ 173,646	\$ 2,534,226	\$ 179,199	\$ 388,216	\$ 3,275,287
Accumulated Amortization:					
At December 31, 2015	\$ 26,453	\$ 588,149	\$ 132,555	\$ 178,364	\$ 925,521
Amortization	16,265	359,545	25,273	85,601	225,978
At December 31, 2016	\$ 42,718	\$ 947,694	\$ 157,828	\$ 263,965	\$ 1,412,205
Amortization	13,023	295,440	16,122	53,250	377,835
At September 30, 2017	\$ 55,741	\$ 1,243,134	\$ 173,950	\$ 317,215	\$ 1,790,040
Carrying Amounts:					
At December 31, 2016	\$ 130,928	\$ 1,586,532	\$ 21,371	\$ 124,251	\$ 1,863,082
At September 30, 2017	\$ 117,905	\$ 1,291,092	\$ 5,249	\$ 71,001	\$ 1,485,247

The above assets are the result of business combinations. Amortization expense is recorded in general and administrative expenses.

13. LONG TERM DEBT

INTOUCH INSIGHT LTD.

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(in Canadian Dollars)

	As at September 30, 2017	As at December 31, 2016
Installment loan, repayable in monthly installments of \$20,833 plus interest at prime plus 2.0%, secured by a general security agreement over underlying assets and maturing on November 27, 2018.	\$ 291,667	\$ 479,167
Installment loan, repayable in monthly installments of \$14,099 plus interest at prime plus 1.8%, secured by a general security agreement over underlying assets and maturing on December 30, 2019.	\$ 394,760	\$ -
	\$ 686,427	\$ 479,167
Current portion of long-term debt	\$ 419,183	\$ 250,000
Total long-term debt	\$ 267,244	\$ 229,167

14. SHARE CAPITAL

Authorized:
Unlimited number of common shares

	Number of Common Shares	
	issued and fully paid	Value
Balance at December 31, 2015	15,123,311	\$ 3,021,978
Issuance of common shares from exercise of options	1,667	\$ 879
Common share repurchase and cancellation through NCIB	(415,500)	\$ (163,688)
Balance at December 31, 2016	14,709,478	\$ 2,859,169
Issuance of common shares from exercise of options	220,000	\$ 120,624
Common share repurchase and cancellation through NCIB	(171,000)	\$ (74,192)
Balance at September 30, 2017	14,758,478	\$ 2,905,601

On December 2, 2016, the Company announced that it was renewing its normal course issuer bid ("NCIB") subject to TSX Venture Exchange approval. The Company received such approval and during the first nine months of 2017 purchased and cancelled 171,000 of its outstanding common shares between \$0.39 and \$0.45 per share (YTD 2016 395,500 common shares between \$0.30 and \$0.40).

15. STOCK OPTION PLAN

The stock option plan is applicable to directors, officers, employees and consultants of the Company. The options are granted at the Company's current fair market value of the common shares under terms and conditions determined by the Board of Directors. Under the terms of the plan, the options generally vest proportionately over a three-year period and expire ten years from the date of the grant. The Board of Directors has the right to modify vesting periods and expiry dates at the time of option grant.

There were 155,000 options issued in Q3 2017 (YTD 2017 – 310,000) compared to 60,000 options issued in Q3 2016 (YTD 2016 - 135,000). There were no options exercised in Q3 2017 (YTD 2017 – 220,000). In the first 9 months of 2016 no options were exercised. The employee compensation expense related to options vested in Q3 2017 is \$5,986 (YTD 2017 - \$17,735) and was \$9,497 in Q3 2016 (YTD 2016 - \$26,385). The Company may issue up to 1,920,196 (Q3 2016 – 2,141,863) options for common shares under its stock option plan. At September 30, 2017, 190,196 common shares (336,863 at September 30, 2016) are reserved for additional options under this plan.

A summary of the status of the Company's issued and outstanding stock options as of September 30, 2017, and December 31, 2016, and changes during the nine months is presented below:

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(in Canadian Dollars)

	September 30, 2017		December 31, 2016	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Outstanding, beginning of year	1,795,000	\$ 0.28	1,765,000	\$ 0.27
Granted	310,000	\$ 0.44	190,000	\$ 0.37
Exercised	(220,000)	\$ 0.35	(1,667)	\$ 0.24
Forfeited	(155,000)	\$ 0.29	(158,333)	\$ 0.26
Expired	-	\$ -	-	\$ -
Outstanding, September 30, 2017 and December 31, 2016	1,730,000	\$ 0.30	1,795,000	\$ 0.28

The following table summarizes information about stock options as at September 30, 2017:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding at September 30, 2017	Weighted average remaining contractual life (years)	Number exercisable at September 30, 2017
\$0.22	215,000	1.94	148,332
\$0.24	305,000	2.67	203,333
\$0.28	510,000	2.38	363,336
\$0.30	255,000	0.58	255,000
\$0.32	40,000	3.75	13,333
\$0.38	60,000	3.50	20,002
\$0.40	170,000	4.25	-
\$0.47	155,000	5.00	-
\$0.48	20,000	4.75	-
\$0.22 to \$0.48	1,730,000	3.20	1,003,336

The following table summarizes information about stock options as at December 31, 2016:

Options Outstanding			Options Exercisable
Exercise prices	Number outstanding at Dec 31, 2016	Weighted average remaining contractual life (years)	Number exercisable at Dec 31, 2016
\$0.22	290,000	2.65	171,664
\$0.24	305,000	3.42	103,333
\$0.28	550,000	3.13	281,670
\$0.30	270,000	1.25	270,000
\$0.32	60,000	4.50	0
\$0.36	200,000	0.50	200,000
\$0.38	65,000	4.25	0
\$0.40	55,000	4.92	0
\$ 0.22 to \$ 0.40	1,795,000	3.08	1,026,667

Stock-based compensation

The Company uses the Black-Scholes model to calculate option values. The assumptions using the Black-Scholes option pricing model for Q1 2017 were: a weighted average share price of \$0.40 and an exercise price of \$0.40, risk free interest rate of between 1.15% and 1.45%, volatility of 34% to 38% with no expected dividend yield, 40% assumed forfeiture and a five-year estimated life. For Q2 2017, the assumptions were: a weighted average share price of \$0.48 and an exercise price of \$0.48, risk free interest rate of between 1.03% and 1.13%, volatility of 34% to 36% with no expected dividend yield, 40% assumed forfeiture and a five-year estimated life. In Q3 2017, the assumptions were: a weighted average share price of \$0.47 and an exercise price of \$0.47, risk free interest rate of between 1.35% and 1.6%, volatility of 32% to 36% with no expected dividend yield, 40% assumed forfeiture and a five-year estimated life. The assumptions using the Black-Scholes option pricing model for Q1 2016 were: a weighted average share price of \$0.38 and an exercise price of \$0.38, risk free interest rate of 1.15% to 1.38%, volatility of 38% to 43% with no expected dividend yield, 40% assumed forfeiture and a five-year estimated life. There were no options issued in Q2 2016. For Q3 2016, the assumptions were a weighted average share price of \$0.32 and an exercise price of \$0.32, risk free interest rate of 1.15% to 1.38%, volatility of 37.88% to 40.68% with no expected dividend yield, 40% forfeiture and a five-year estimated life.

Unamortized option expense was \$28,816 as at September 30, 2017 (Q3 2016 - \$28,416).

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Notes to the Unaudited Interim Condensed Consolidated Financial Statements

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16. INCOME TAXES

Income tax expense is recognized at each interim period based on the best estimate of the weighted average annual income tax rate expected for the full financial year. Amounts accrued for income tax expense in one interim period may have to be adjusted in a subsequent interim period of that financial year should the estimate of the annual income tax rate change.

17. CASH FLOW INFORMATION

Net change in non-cash working capital items is comprised of:

	3 months ended September 30		9 months ended September 30	
	2017	2016	2017	2016
Trade and other receivables	\$ 128,880	\$ 106,891	\$ (671,431)	\$ (107,070)
Prepaid expenses and deposits	195,466	(52,761)	190,645	69,145
Trade and other liabilities	(114,164)	(11,985)	(134,157)	422,746
Deferred revenue	(130,056)	(74,452)	72,916	(150,411)
Net change in non-cash working capital	\$ 80,126	\$ (32,307)	\$ (542,027)	\$ 234,410

18. RELATED PARTY TRANSACTIONS

During Q3 2017, the Company expensed \$15,823 (YTD 2017 - \$40,823) as compensation to non-management directors within general and administrative expenses in the statement of operations. The expense for Q3 2016 was \$6,500, and YTD 2016 was \$24,000.

The above related party transactions are measured at their exchange amount, which is the amount agreed to by the parties.

19. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements of Intouch Insight Ltd. for the three and nine months ended September 30, 2017 were approved and authorized for issue by the Audit Committee on November 24, 2017.

20. SUBSEQUENT EVENTS

Regarding Note 10 above, as at November 24, 2017, the amount of trade and other receivables past due but not impaired are \$74,536 one to sixty days and \$13,627 greater than sixty days past due.

On November 2, 2017, the Company announced a non-brokered private placement for gross proceeds of up to \$3,000,000 by way of issuance of up to 6,000,000 Units at a price of \$0.50 per Unit. Each Unit will comprise one common share in the capital of the Company and one half of one common share purchase warrant. Each full warrant will entitle the holder to purchase one common share at a price of \$0.70 per common share for a period expiring 18 months following the date of issuance of the Units.

On November 3, 2017, the Company announced a second non-brokered placement for gross proceeds of up to \$520,000 by way of issuance of up to 1,000,000 Units at a price of \$0.52 per Unit. Each Unit will comprise one common share in the capital of the Company and one half of one common share purchase warrant. Each full warrant will entitle the holder to purchase one common share at a price of \$0.70 per common share for a period expiring 18 months following the date of issuance of the Units.

The Company has received conditional approval from the TSXV for both non-brokered placements and Company expects to close on both non-brokered placements by November 27, 2017.