November 6, 2018

2018 Unaudited Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended September 30, 2018

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Information Services Corporation

Consolidated Statements of Financial Position

As At (thousands of CAD dollars, unaudited)	Note	**September 30, 2018**	December 31, 2017
Assets			
Current assets			
Cash	4	**$ 37,304**	$ 31,265
Short-term investments	5	**484**	301
Trade and other receivables	6	**8,114**	7,510
Contract assets	7	**975**	-
Income tax recoverable		**43**	-
Prepaid expenses		**2,089**	1,913
Total current assets		**49,009**	40,989
Non-current assets			
Property, plant and equipment	9	**3,846**	4,504
Intangible assets	10	**42,032**	47,022
Goodwill	11	**44,443**	44,473
Deferred tax asset	13	**32,120**	34,837
Total assets		**$ 171,450**	$ 171,825
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	**$ 12,763**	$ 12,426
Long-term debt – current portion	16	**1,500**	1,500
Income tax payable	13	**1,948**	3,223
Contract liabilities	14	**5,768**	5,503
Contingent consideration – current portion	23	**12,893**	-
Total current liabilities		**34,872**	22,652
Non-current liabilities			
Contingent consideration	23	**-**	15,723
Deferred tax liability	13	**8,289**	9,419
Long-term debt	16	**18,935**	20,060
Total non-current liabilities		**27,224**	45,202
Shareholders' equity			
Share capital	19	**19,955**	19,955
Equity settled employee benefit reserve	15	**1,521**	1,070
Accumulated other comprehensive income		**303**	390
Retained earnings		**87,575**	82,556
Total shareholders' equity		**109,354**	103,971
Total liabilities and shareholders' equity		**$ 171,450**	$ 171,825

See Note 25 for Commitments and Contingencies
See accompanying Notes

Information Services Corporation

Consolidated Statements of Comprehensive Income

(thousands of CAD dollars, unaudited)	Note	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Revenue	21	**$ 30,186**	$ 23,862	**$ 88,116**	$ 70,004
Expenses					
Wages and salaries		**9,029**	8,612	**27,548**	24,889
Cost of goods sold		**6,395**	952	**18,051**	2,764
Depreciation and amortization	9, 10	**2,411**	1,685	**7,189**	5,714
Information technology services		**2,057**	2,621	**5,992**	8,085
Occupancy costs		**1,319**	1,310	**4,207**	3,997
Professional and consulting services		**1,481**	1,296	**3,604**	3,801
Financial services		**524**	410	**1,718**	1,553
Project initiatives		**-**	860	**424**	1,819
Other		**559**	422	**1,994**	1,535
Total expenses		**23,775**	18,168	**70,727**	54,157
Net income before items noted below		**6,411**	5,694	**17,389**	15,847
Finance income (expense)					
Interest income	4	**117**	88	**299**	197
Interest expense	23	**403**	(303)	**(612)**	(629)
Net finance income (expense)		**520**	(215)	**(313)**	(432)
Share of profit in associate		**-**	200	**-**	610
Change in contingent consideration	23	**2,762**	-	**3,762**	-
Income before tax		**9,693**	5,679	**20,838**	16,025
Income tax expense	13	**(1,921)**	(3,823)	**(5,319)**	(7,010)
Net income		**$ 7,772**	$ 1,856	**$ 15,519**	$ 9,015
Other comprehensive (loss) income					
Items that may be subsequently reclassified to net income					
Unrealized (loss) gain on translation of financial statements of foreign operations		**(129)**	(66)	**(16)**	430
Change in fair value of marketable securities, net of tax		**(30)**	9	**(71)**	(37)
Other comprehensive (loss) income for the period		**(159)**	(57)	**(87)**	393
Total comprehensive income		**$ 7,613**	$ 1,799	**$ 15,432**	$ 9,408
Earnings per share ($ per share)					
Total, basic	18	**$ 0.45**	$ 0.11	**$ 0.89**	$ 0.52
Total, diluted	18	**$ 0.44**	$ 0.11	**$ 0.88**	$ 0.51

See accompanying Notes

Consolidated Statements of Changes in Equity

(thousands of CAD dollars, unaudited)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2017		$ 68,767	$ 19,955	$ -	$ 599	$ 89,321
Net income		9,015	-	-	-	9,015
Other comprehensive loss		-	-	393	-	393
Stock option expense	15	-	-	-	351	351
Dividend declared		(10,500)	-	-	-	(10,500)
Balance at September 30, 2017		$ 67,282	$ 19,955	$ 393	$ 950	$ 88,580
Balance at January 1, 2018		$ 82,556	$ 19,955	$ 390	$ 1,070	$ 103,971
Net income		**15,519**	**-**	**-**	**-**	**15,519**
Other comprehensive income		**-**	**-**	**(87)**	**-**	**(87)**
Stock option expense	15	**-**	**-**	**-**	**451**	**451**
Dividend declared		**(10,500)**	**-**	**-**	**-**	**(10,500)**
Balance at September 30, 2018		**$ 87,575**	**$ 19,955**	**$ 303**	**$ 1,521**	**$ 109,354**

See accompanying Notes

Information Services Corporation

Consolidated Statements of Cash Flows

(thousands of CAD dollars, unaudited)	Note	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Operating					
Net income		**$ 7,772**	$ 1,856	**$ 15,519**	$ 9,015
Add: Charges not affecting cash					
Depreciation	9	**249**	338	**817**	1,118
Amortization	10	**2,162**	1,347	**6,372**	4,596
Foreign exchange loss (gain)		**47**	(3)	**62**	(44)
Deferred tax expense recognized in net income		**485**	3,048	**1,587**	5,498
Loss (gain) on disposal of property, plant and equipment		**55**	(1)	**55**	(1)
Recovery of MARS* project expenses	10	**-**	58	**19**	174
Net finance expense (income)		**(520)**	215	**313**	432
Stock option expense	15	**178**	142	**451**	351
Share of profit in associate		**-**	(200)	**-**	(610)
Change in contingent consideration	23	**(2,762)**	-	**(3,762)**	-
Net change in non-cash working capital	24	**2,572**	3,927	**(1,553)**	3,993
Net cash flow provided by operating activities		**10,238**	10,727	**19,880**	24,522
Investing					
Interest received		**117**	88	**299**	197
Cash received on disposal of property, plant and equipment		**-**	2	**-**	3
Short term investments		**-**	-	**(250)**	-
Additions to property, plant and equipment		**(83)**	(64)	**(216)**	(158)
Additions to intangible assets		**(582)**	(57)	**(1,434)**	(258)
Net cash outflow on acquisition in subsidiary	23	**-**	-	**-**	(14,612)
Net cash outflow on investment in associate		**-**	-	**-**	(2,451)
Net cash flow used in investing activities		**(548)**	(31)	**(1,601)**	(17,279)
Financing					
Interest paid		**(130)**	(231)	**(594)**	(590)
Repayment of long-term debt		**(375)**	-	**(1,125)**	(1,125)
Drawdown of operating loan		**-**	-	**-**	10,000
Dividend paid		**(3,500)**	(3,500)	**(10,500)**	(10,500)
Net cash flow used in provided by financing activities		**(4,005)**	(3,731)	**(12,219)**	(2,215)
Effects of exchange rate changes on cash held in foreign currencies		**(13)**	(1)	**(21)**	10
Increase in cash		**5,672**	6,964	**6,039**	5,038
Cash, beginning of period		**31,632**	31,607	**31,265**	33,533
Cash, end of period		**$ 37,304**	$ 38,571	**$ 37,304**	$ 38,571

**Mineral Administration Registry Saskatchewan*

See accompanying Notes

Notes to the Unaudited Condensed Consolidated Interim Financial Statements

1 Nature of the Business

Information Services Corporation is the parent company of its subsidiary group (collectively, the "Company", or "ISC") and is a Canadian corporation with its Class A Limited Voting Shares ("Class A Shares") listed on the Toronto Stock Exchange ("TSX") under the symbol ISV. The head and registered office of the Company is 300 - 10 Research Drive, Regina, Saskatchewan, S4S 7J7. The Company is a provider of registry and information management services for public data and records. The Company has seven customer service centers in Saskatchewan and has offices in Regina, SK, Toronto, ON, Montreal, QC, Vernon, BC, and Dublin, Ireland. As of January 1, 2018, ISC has three reportable segments - Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

- Registry Operations delivers registry services on behalf of governments and private sector organizations. Currently, through this segment, ISC provides registry and information services on behalf of the Province of Saskatchewan under a 20-year Master Service Agreement ("MSA"), in effect until 2033.
- Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.
- Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

As at September 30, 2018, ISC's principal revenue generating segments were Registry Operations and Services.

2 Basis of Presentation

Statement of compliance

These unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies that are consistent with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IAS Board"). Therefore, they do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company's most recent audited annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS.

These unaudited condensed consolidated interim financial statements have been prepared following the same accounting policies and methods of computation as the year-end financial statements for the Company for the year ended December 31, 2017, as described in Note 3 of the December 31, 2017 consolidated financial statements, except for the impact of the adoption of new policies and the standards and interpretations as described below in Note 3. The significant estimates and assumptions in determining the value of assets and liabilities and the significant judgments in applying accounting policies are the same as those applied in the Company's consolidated financial statements for the year ended December 31, 2017. The unaudited condensed consolidated interim financial statements include all adjustments, composed of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position and cash flows.

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors ("Board") for issue on November 6, 2018.

Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis using historical cost except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Functional and presentation currency

These unaudited condensed consolidated interim financial statements are presented in Canadian dollars (“CAD”), which is the functional currency of the parent company.

Basis of consolidation

The unaudited condensed consolidated interim financial statements incorporate the financial statements of the Company and its wholly owned subsidiaries, the most significant of which include: ISC Saskatchewan Inc. (“ISC Sask”), ISC Enterprises Inc. (“ISC Ent”), ESC Corporate Services Ltd. (“ESC”) and Enterprise Registry Solutions Limited (“ERS”). All intragroup assets and liabilities, equity, income, expenses and cash flows are eliminated in full on consolidation.

Use of estimates and judgments

The preparation of these unaudited condensed consolidated interim financial statements, in conformity with IFRS, requires management to make estimates and underlying assumptions and judgments that affect the accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Critical accounting estimates and judgments are those that have a significant risk of causing material adjustment. Management believes that the following are the significant accounting estimates and judgments used in the preparation of the consolidated financial statements.

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 9);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 10) and goodwill (Note 11);
- the recoverability of deferred tax assets (Note 13); and
- the measurement of the contingent consideration to be paid in conjunction with the ERS and AVS Systems Inc. (“AVS”) acquisitions (Note 23).

The relevant accounting policies in Note 3 contain further details on the use of these estimates and assumptions.

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2018, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions.

Standard	Description
Amendment to IFRS 2 – *Share-based Payment*	The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The adoption of the new standard did not have a material impact on the financial statements of the Company.
IFRS 9 — *Financial Instruments*	The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. Under IFRS 9, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded through other comprehensive income (loss) rather than net income (loss). The new standard also introduces a credit loss model for evaluating impairment of financial assets. The adoption of the new standard did not require any adjustments to the values recorded in the Company's consolidated financial statements in the period of initial application (January 1, 2018). However, the Company has adjusted its disclosure. See Note 3 and Note 20.
IFRS 15 — *Revenue from Contracts with Customers*	The standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRS standards. The new revenue standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. The Company has decided to adopt the new revenue standard using the modified retrospective method, with no impact to opening retained earnings. See Note 3, Note 7, Note 14 and Note 21 for disclosures relating to this new standard.

3 Summary of Significant Accounting Policies

Revenue

On January 1, 2018, the Company adopted IFRS 15 – *Revenue from Contracts with Customers* ("IFRS 15") using the modified retrospective method. IFRS 15 supersedes previous accounting standards for revenue, including IAS 18 – *Revenue*.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRS. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services.

This is achieved by applying the following five steps:

1. identify the contract with a customer;
2. identify the performance obligations in the contract;
3. determine the transaction price;
4. allocate the transaction price to the performance obligations in the contract; and
5. recognize revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfillment costs.

The application of this new standard does not have a significant impact on our results as our revenue is primarily fee-for-service based with a relatively small portion of overall revenue associated with the transfer of goods related to the delivery of the service.

The Company recognizes revenue at either a point in time or over time as determined by an analysis of the terms and performance conditions of each individual customer contract on a contract-by-contract basis. The individual contract terms determine whether, when and the amount of the revenue recognized.

The Company considers and assesses enforceability, collectability, contract combinations and modifications as part of the revenue recognition process.

The revenue recognition policies associated with each of the Company's revenue streams are as follows:

Registry Operations revenue

Our Registry Operations segment delivers registry services to governments and private sector organizations. Our revenue is generated by providing registry and information services to end-users on behalf of the Province of Saskatchewan under the MSA. The majority of revenue is generated by earning fees from end-use customers through registrations, searches, maintenance transactions and value-added services.

The majority of the associated transaction fees are based on a flat or value-based stand alone selling price for each distinct service which is recognized at a point of time. There is a smaller amount of fees generated under the MSA related to programs and other registries whereby the Company earns an annual operating fee or hosting and management fees versus revenue per transaction. Revenue from annual operating fees and hosting and management contracts is recognized over time on a monthly basis.

A smaller portion of revenue in the Saskatchewan Land Registry is value-added services and relates to our Geomatics business. Geomatics revenue is contract dependent, based on the distinct good or service promised to the customer, and is either recognized at a point in time or over time for support and maintenance contracts.

Amounts received from customers in advance of the satisfaction of our performance obligations are recorded as "contract liabilities" on our consolidated statement of financial position. Amounts in "contract liabilities" are recognized into revenue as we render services to our customers.

Services revenue

Our Services segment delivers solutions uniting public record data, customer authentication, corporate legal services and collateral management services to support lending practices to clients with business across Canada. We classify revenue in two categories, namely Legal Support Services and Financial Support Services.

Legal Support Services captures revenue from legal professionals directly or indirectly from nationwide search and registration services as well through the sale of supplies to help companies organize and maintain their corporate legal documents. Revenue for Legal Support Services is recognized at a point in time when services are rendered or goods are delivered.

Financial Support Services captures revenue related to services provided to financial and credit institutions to support their due diligence activities for compliance and credit granting services, including collateral management services. Revenue for Financial Support Services is recognized at a point in time when services are rendered.

Most of our Services revenue involves interacting with government registries to access public records to provide services to our customers. For this access, our Services segment usually pays a fee to the government. Where we provide simple searches to our customers, government fees are not included in our revenue (record government fees on a net basis). Where our services include a number of collateral management services, government fees are a key input to these services and are recorded in revenue (record government fees on a gross basis).

Technology Solutions revenue

Our Technology Solutions segment provides the development, delivery and support of registry (and related) technology solutions. We generate revenue through the following:

- Sale of software licences and accompanying ongoing annual subscription fees related to the technology platform;
- Provision of technology solution definition and implementation services; and
- Provision of monthly hosting, support and maintenance services.

Licencing revenue is determined by assessing each individual contract to determine if it should be recognized at a point in time or over time throughout the licence period. The majority of the Company's licence contracts provide the customer a right to access the Company's intellectual property ("IP") over the licence period. Revenue is recognized over the licence period once the technology solution is implemented and the right to use the IP is transferred to the customer. Customer payments received in advance of solution implementation are initially recorded as a "contract liability" on our statement of financial position. Once the technology solution is implemented and the customer commences using the solution, licence fees are recognized into revenue over the licence period.

Solution definition and implementation services revenue is recognized either at a point in time or over time using the output method, based on an assessment of the contract's stand-alone selling price allocated to the performance milestones within the contract.

Hosting, support and maintenance revenue is recognized according to the delivery of the performance obligations in the contract and the stand-alone selling price allocated to the obligations. These services may be provided through either fixed price, deliverable based contracts or fee-for-service contracts. Hosting contracts generally result in linear monthly revenue recognition over the term of the contract. Service revenue from fixed-price contracts to provide services is recognized by reference to the stage of completion as defined in the contract when the outcome of the contract can be estimated reliably. Service revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

Amounts received from customers in advance of the satisfaction of our performance obligations are recorded as "contract liabilities" on our consolidated statement of financial position. Amounts in "contract liabilities" are recognized into revenue as we render services or achieve performance milestones. Costs the Company incurs related to the fulfillment of a contract but prior to reaching a performance milestone are recorded as a "contract asset" on the consolidated statement of financial position. Once the milestone is achieved, these costs are recorded in the consolidated statement of comprehensive income.

Financial instruments

Effective January 1, 2018, we adopted IFRS 9 – *Financial Instruments* ("IFRS 9") which supersedes IAS 39 – *Financial Instruments: recognition and measurement* ("IAS 39"). The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. Under IFRS 9, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded through other comprehensive income (loss) rather than net income (loss). The new standard also introduces a credit loss model for evaluating impairment of financial assets. There is no significant effect on the carrying value of our other financial instruments under IFRS 9 related to this new requirement.

Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 contains three primary measurement categories for financial assets: measured at amortized cost (“AC”), fair value through other comprehensive income (“FVTOCI”), and fair value through profit and loss (“FVTPL”). The IFRS 9 accounting model for financial liabilities is broadly the same as that in IAS 39 meaning that most financial liabilities will continue to be measured at amortized cost.

IFRS 9 replaces the “incurred loss” model in IAS 39 with a forward-looking “expected credit loss” model for determining impairment or recognition of credit losses on financial assets measured at AC or FVTOCI. There is no impact to ISC as credit losses are historically low as most customers with credit are governments, banking institutions, and legal firms with strong credit.

Below is a summary showing the classification and measurement bases of our financial instruments as at January 1, 2018, as a result of adopting IFRS 9 (along with a comparison to IAS 39).

Financial Instrument	**IAS 39**		**IFRS 9**	
	Classification	**Measurement**	**Classification**	**Measurement**
Assets				
Cash	FVTPL	Fair value	AC	AC
Short term investments (GICs)	FVTPL	Fair value	AC	AC
Short term investments – marketable securities	Available-for-sale	Fair value	FVTOCI	FVTOCI
Receivables	Loans and receivables	Amortized cost using effective interest rate method	AC	AC
Liabilities				
Accounts payable & accrued liabilities	Other financial liabilities	Amortized cost using effective interest rate method	Amortized cost method	Amortized cost using effective interest rate method
Contingent consideration[1]	Financial assets at fair value through profit and loss	Fair value	FVTPL	FVTPL
Long term debt < 1 year	Other financial liabilities	Amortized cost using effective interest rate method	Amortized cost method	Amortized cost using effective interest rate method
Long term debt	Other financial liabilities	Amortized cost using effective interest rate method	Amortized cost method	Amortized cost using effective interest rate method

[1] Contingent consideration related to the AVS Systems Inc. acquisition – see Note 23

Recent accounting pronouncements

The IAS Board and International Financial Reporting Interpretations Committee issued the following new standards and amendments to standards and interpretations, which become effective for future periods.

Proposed Standard	**Description**	**Effective Date**
IFRS 16 — *Leases*	IFRS 16 — *Leases* replaces IAS 17 — *Leases* and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., the customer (‘lessee’) and the supplier (‘lessor’)). The Company is currently assessing the impact on our consolidated financial statements along with the timing of our adoption of IFRS 16. The Company believes that, on adoption of the standard, there will be an increase to assets and liabilities, as the Company will be required to record a right-of-use asset and a corresponding lease liability on the consolidated statements of financial position, as well as a decrease to operating costs, an increase to finance costs (due to accretion of the lease liability) and an increase to depreciation and amortization (due to amortization of the right-of-use asset). The Company plans to disclose the estimated financial effects of the adoption of IFRS 16 in its 2018 annual consolidated financial statements.	January 1, 2019

4 Cash

Cash is held on deposit and certain accounts earn interest at a range of 0.50 per cent to prime less 1.95 per cent. Interest income earned for the three months ended September 30, 2018, totalled $117 thousand (2017 – $88 thousand) and for the nine months ended September 30, 2018, totalled $299 thousand (2017 – $197 thousand).

5 Short-Term Investments

The components of short-term investments are as follows:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Guaranteed investment certificates (GICs)	**$ 400**	$ 150
Marketable securities at fair value	**84**	151
Total short-term investments	**$ 484**	$ 301

GICs consist of one-year certificates issued by and held as collateral by a Canadian chartered bank at an interest rate of 0.50 per cent per annum with maturity dates occurring in January 2019, June 2019 and September 2019. Marketable securities consist of an investment in less than 5.0 per cent of the issued and outstanding shares of a company listed on the Australian Stock Exchange, which was acquired as part of the ERS acquisition.

6 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Trade receivables	**$ 6,787**	$ 6,497
GST/HST/VAT receivable	**459**	383
Other	**868**	630
Total trade and other receivables	**$ 8,114**	$ 7,510

7 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Unbilled revenue	**$ 44**	$ -
Contract fulfillment costs	**931**	-
Total contract assets	**$ 975**	$ -

Unbilled revenue is uninvoiced amounts due from customers under Technology Solutions contracts that arise when the Company meets performance related milestones. At the point the Company invoices the amounts, they are reclassified into trade receivables.

Contract fulfillment costs are costs the Company incurs related to the fulfillment of Technology Solutions contracts but prior to reaching a performance milestone. Once the performance milestone is achieved, these costs, along with the associated revenue, will be recognized on the statement of comprehensive income.

The Company does not have any contract acquisition costs at the end of the reporting period and did not recognize any amortization of contract acquisition costs during the period.

There were no impairment losses recognized on any contract asset during the reporting period.

8 Seasonality

Our Registry Operations segment experiences moderate seasonality, primarily because Saskatchewan Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest. In our Services segment, our core legal and financial services revenue is fairly diversified and has little seasonality, rather it fluctuates in line with the general economic drivers. Our collateral management experiences seasonality aligned to vehicle and equipment financing cycles, which are generally stronger in the second and fourth quarters. Some smaller categories of products or services can have some seasonal variation, increasing slightly during the same second and fourth quarters. Our Technology Solutions segment does not experience seasonality but can fluctuate due to project related revenue. The balance of our corporate activities and shared services functions reported under Corporate, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related or acquisition activities.

9 Property, Plant and Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Asset Under Development	Total
Cost						
Balance at December 31, 2016	$ 10,680	$ 3,203	$ 193	$ 2,485	$ -	$ 16,561
Acquired assets	51	19	-	47	-	117
Additions	44	18	2	252	118	434
Disposals	-	(26)	-	(158)	-	(184)
Transfers	53	-	-	-	(53)	-
Foreign exchange adjustments	-	-	-	2	-	2
Balance at December 31, 2017	$ 10,828	$ 3,214	$ 195	$ 2,628	$ 65	$ 16,930
Additions	23	49	4	101	39	216
Disposals	(71)	(1)	(5)	(186)	-	(263)
Transfers	26	-	4	61	(91)	-
Foreign exchange adjustments	(1)	(1)	-	(2)	1	(3)
Balance at September 30, 2018	**$ 10,805**	**$ 3,261**	**$ 198**	**$ 2,602**	**$ 14**	**$ 16,880**
Accumulated depreciation						
Balance at December 31, 2016	$ 6,504	$ 2,509	$ 110	$ 2,036	$ -	$ 11,159
Depreciation	794	254	26	372	-	1,446
Disposals	-	(24)	-	(156)	-	(180)
Foreign exchange adjustments	-	-	-	1	-	1
Balance at December 31, 2017	$ 7,298	$ 2,739	$ 136	$ 2,253	$ -	$ 12,426
Depreciation	518	117	16	166	-	817
Disposals	(16)	(1)	(5)	(186)	-	(208)
Foreign exchange adjustments	-	-	-	(1)	-	(1)
Balance at September 30, 2018	**$ 7,800**	**$ 2,855**	**$ 147**	**$ 2,232**	**$ -**	**$ 13,034**
Carrying value						
At December 31, 2017	$ 3,530	$ 475	$ 59	$ 375	$ 65	$ 4,504
At September 30, 2018	**$ 3,005**	**$ 406**	**$ 51**	**$ 370**	**$ 14**	**$ 3,846**

10 Intangible Assets

(thousands of CAD dollars)	Internal Use Software - Acquired	Internal Use Software - Internally Developed	Business Solutions - Acquired	Business Solutions - Internally Developed	Brand, Non-Compete, Other	Contracts, Customer & Partner Relation-ships	Assets Under Develop-ment	Total
Cost								
Balance at December 31, 2016	$ 15,996	$ 77,433	$ -	$ 1,627	$ 1,333	$ 12,854	$ 872	$ 110,115
Acquired assets	9,728	-	1,997	-	891	14,417	-	27,033
Additions	84	277	-	-	-	-	1,248	1,609
Disposals	(15)	(364)	-	-	-	-	-	(379)
Transfers	-	-	-	240	-	-	(240)	-
Foreign exchange adjustments	-	-	116	-	33	41	-	190
Balance at December 31, 2017	$ 25,793	$ 77,346	$ 2,113	$ 1,867	$ 2,257	$ 27,312	$ 1,880	$ 138,568
Additions	295	-	-	-	-	-	1,139	1,434
Transfers	-	-	-	2,231	-	-	(2,231)	-
Foreign exchange adjustments	-	-	(15)	-	(4)	(6)	(23)	(48)
Balance at September 30, 2018	**$ 26,088**	**$ 77,346**	**$ 2,098**	**$ 4,098**	**$ 2,253**	**$ 27,306**	**$ 765**	**$ 139,954**
Accumulated Depreciation								
Balance at December 31, 2016	$ 7,597	$ 75,378	$ -	$ 1,286	$ 219	$ 1,140	$ -	$ 85,620
Amortization	2,786	1,227	281	80	332	1,355	-	6,061
Disposals	(15)	(364)	-	-	-	-	-	(379)
Recovery of MARS* expenses	-	-	-	232	-	-	-	232
Foreign exchange adjustments	-	-	7	-	3	2	-	12
Balance at December 31, 2017	$ 10,368	$ 76,241	$ 288	$ 1,598	$ 554	$ 2,497	$ -	$ 91,546
Amortization	3,075	381	240	178	496	2,002	-	6.372
Recovery of MARS* expenses	-	-	-	19	-	-	-	19
Foreign exchange adjustments	-	-	(8)	(1)	(4)	(2)	-	(15)
Balance at September 30, 2018	**$ 13,443**	**$ 76,622**	**$ 520**	**$ 1,794**	**$ 1,046**	**$ 4,497**	**$ -**	**$ 97,922**
Carrying Value								
At December 31, 2017	$ 15,425	$ 1,105	$ 1,825	$ 269	$ 1,703	$ 24,815	$ 1,880	$ 47,022
At September 30, 2018	**$ 12,645**	**$ 724**	**$ 1,578**	**$ 2,304**	**$ 1,207**	**$ 22,809**	**$ 765**	**$ 42,032**

*Mineral Administration Registry Saskatchewan

11 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Balance, beginning of the period	**$ 44,473**	$ 13,141
Additions	**-**	31,105
Foreign exchange adjustment	**(30)**	227
Balance, end of the period	**$ 44,443**	$ 44,473

12 Accounts Payable and Accrued Liabilities

The components of accounts payable and accrued liabilities are as follows:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Trade payables	**$ 1,626**	$ 1,437
Accrued liabilities	**7,637**	7,489
Dividend payable	**3,500**	3,500
Total accounts payable and accrued liabilities	**$ 12,763**	$ 12,426

13 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2017 – 26.75 per cent).

	Three Months Ended September 30,		Nine Months Ended September 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Current tax expense	**$ 1,436**	$ 775	**$ 3,732**	$ 1,512
Deferred tax expense	**485**	3,048	**1,587**	5,498
Income tax expense	**$ 1,921**	$ 3,823	**$ 5,319**	$ 7,010

No deferred tax has been recognized in respect of tax losses related to ERS. The tax asset will be recognized as sufficient future taxable profits are earned. These losses do not expire.

14 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i)	**$ 4,278**	$ 4,339
Amounts received in advance of Technology Solutions support and delivery contracts (ii)	**1,490**	1,164
Total contract liabilities	**$ 5,768**	$ 5,503

(i) Revenue that relates to Registry Operations transactions is recognized at a point in time. Revenue that relates to Registry Operations maintenance and support contracts is recognized over time. A contract liability is recognized for payments received from end-use customers in advance of services being provided and is recognized into revenue either at the point in time the service is rendered or over the service period.

(ii) Revenue that relates to Technology Solutions contracts is recognized over time as the performance obligations in the contract are achieved. These obligations may be based on a time period or on performance based milestones identified in the contract. A contract liability is recognized for payments received from customers in advance and is recognized into revenue either over the service period or when performance milestones are achieved.

Revenue recognized that was included in the contract liability balance at December 31, 2017:

(thousands of CAD dollars)	**Three Months Ended September 30, 2018**	**Nine Months Ended September 30, 2018**
Registry Operations transaction, maintenance and support contracts	**$ 12**	**$ 237**
Technology Solutions support and delivery contracts	**145**	**398**
Total revenue recognized that was included in the balance at the beginning of the period	**$ 157**	**$ 635**

The Company has elected to apply the practical expedient as per IFRS 15 B16 and does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which we recognize revenue at the amount to which we have the right to invoice for services performed.

15 Share-Based Compensation Plan

Deferred share unit ("DSU") plan

A summary of the status of the DSU plan and the changes within the nine months ended September 30, 2018, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2017	52,610.60	$ 17.37
DSUs granted May 16, 2018	17,706.00	17.85
DSUs/DEUs redeemed August 15, 2018	(6,905.45)	17.50
Total notional dividend equivalents declared to date	7,755.00	17.07
Balance at September 30, 2018	71,166.15	**$ 17.46**

The Company has recognized an obligation at an estimated amount based on the fair value of the DSUs as of the grant date. Compensation expense is recognized in proportion to the amount of DSUs vested. At the end of each reporting period, the estimates are re-assessed based on the fair value of the DSUs as of the reporting period. Any change in estimate is recognized as a liability and an expense at the end of the reporting period.

Share-based compensation expense for the three months ended September 30, 2018, totalled $118 thousand (2017 — $44 thousand) and for the nine months ended September 30, 2018, totalled $212 thousand (2017 — $260 thousand). The total carrying amount of the liability arising from the DSUs as of September 30, 2018, totalled $1.1 million (December 31, 2017 — $1.1 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at September 30, 2018, has been calculated using the market value of the Company's Class A Shares on the TSX.

Stock option plan

A summary of the status of the stock option plan and the changes within the nine months ended September 30, 2018, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2017	1,076,600	$ 17.01
Stock options granted May 16, 2018	471,647	17.85
Balance at September 30, 2018	**1,548,247**	**$ 17.27**

The outstanding share options at the end of the period had a weighted average exercise price of $17.27 (December 31, 2017 — $17.01). The number of options exercisable at the end of the period was 587,851 and had a weighted average exercise price of $16.50 based on a range of exercise prices from $15.04 to $18.85.

The Company has recognized an equity reserve at an estimated amount based on the fair value of the stock options using the Black-Scholes option pricing model as of the following grant dates based on the following inputs:

	May 16, 2018	May 17, 2017	August 15, 2016	August 12, 2015	May 13, 2014
Spot price	**$ 17.85**	$ 18.85	$ 17.40	$ 15.04	$ 18.80
Expected volatility	**19.93%**	19.33%	17.77%	18.97%	22.50%
Risk-free interest rate	**2.00%**	1.60%	1.30%	2.00%	2.50%
Dividend yield	**4.83%**	4.73%	4.48%	4.54%	4.20%
Expected life (days)	**2,920**	2,920	2,920	2,920	2,920
Fair value	**$ 1.73**	$ 1.66	$ 1.35	$ 1.45	$ 2.74

The Company included the following variables:

- the expected volatility, which is based on a three-year standard deviation of ISC's stock price;
- the risk-free rate, that is estimated based on a 10-year Canada bond rate; and
- the maximum option term, which is the maximum duration before expiry.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended September 30, 2018, totalled $178 thousand (2017 — $142 thousand) and for the nine months ended September 30, 2018, totalled $451 thousand (2017— $351 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of September 30, 2018, totalled $1.5 million (December 31, 2017 — $1.1 million).

16 Debt

At September 30, 2018, the aggregate amount available under the Credit Facilities is $30.435 million comprised of (i) a $10.0 million uncommitted revolving credit facility (the "Operating Loan") (September 30, 2018 and December 31, 2017 had nil cash drawings) along with; (ii) a $9.935 million committed revolving term loan facility (the "Revolving Term Facility"); and (iii) a $10.5 million committed non-revolving reducing credit facility (the "Non-Revolving Term Facility").

(thousands of CAD dollars)		**September 30, 2018**		December 31, 2017
Operating loan	**$**	**-**	$	-
Term loans				
Revolving Term Facility	**$**	**9,935**	$	9,935
Non-Revolving Term Facility				
Current portion		**1,500**		1,500
Long-term portion		**9,000**		10,125
Total long-term debt	**$**	**20,435**	$	21,560

The Company was in compliance with all covenants throughout the period.

The amount of borrowing costs capitalized during 2018 and 2017 was nil.

17 Liabilities Arising from Financing Activities

The tables below provide the reconciliation of movements of liabilities to cash flows arising from financing activities.

(thousands of CAD dollars)	Three Months ended September 30,				Nine Months ended September 30,			
		2018		2017		**2018**		2017
Financing activities								
Interest paid (a)	**$**	**(130)**	$	(231)	**$**	**(594)**	$	(590)
Repayment of long-term debt (b)		**(375)**		-		**(1,125)**		(1,125)
Drawdown of operating loan (c)		**-**		-		**-**		10,000
Dividends paid (d)		**(3,500)**		(3,500)		**(10,500)**		(10,500)
Net cash flow used in provided by financing activities	**$**	**(4,005)**	$	(3,731)	**$**	**(12,219)**	$	(2,215)

	As at December 31, 2017	Cash Flows		Non-cash Changes: Foreign Exchange Movement	Non-cash Changes: Fair Value and Other Changes	**As at September 30, 2018**
Interest payable	$ -	$ (594)	(a)	$ -	$ 594	**$ -**
Long-term debt including current portion	21,560	(1,125)	(b)	-	-	**20,435**
Dividends payable	3,500	(10,500)	(d)	-	10,500	**3,500**
Contingent consideration – current portion	-	-		(32)	12,925	**12,893**
Contingent consideration	15,723	-		-	(15,723)	**-**
	$ 40,783	$ (12,219)		$ (32)	$ 8,296	**$ 36,828**

	As at December 31, 2016	Cash Flows		Non-cash Changes: Foreign Exchange Movement	Non-cash Changes: Fair Value and Other Changes	As at September 30, 2017
Interest payable	$ -	$ (590)	(a)	$ -	$ 590	$ -
Long-term debt including current portion	23,435	(1,125)	(b)	-	-	22,310
Operating loan	-	10,000	(c)	-	-	10,000
Dividends payable	3,500	(10,500)	(d)	-	10,500	3,500
Contingent consideration	-	-		20	671	691
	$ 26,935	$ (2,215)		$ 20	$ 11,761	$ 36,501

18 Earnings Per Share

The calculation of earnings per share is based on net income after tax and the weighted average number of shares outstanding during the period. Details of the earnings per share are set out below:

(thousands of CAD dollars, except number of shares and earnings per share)	Three Months Ended September 30, **2018**	Three Months Ended September 30, 2017	Nine Months Ended September 30, **2018**	Nine Months Ended September 30, 2017
Net income	**$ 7,772**	$ 1,856	**$ 15,519**	$ 9,015
Weighted average number of shares, basic	**17,500,000**	17,500,000	**17,500,000**	17,500,000
Potential dilutive shares resulting from stock options	**47,106**	71,172	**54,407**	110,428
Weighted average number of shares, diluted	**17,547,106**	17,571,172	**17,554,407**	17,610,428
Earnings per share ($ per share)				
Total, basic	**$ 0.45**	$ 0.11	**$ 0.89**	$ 0.52
Total, diluted	**$ 0.44**	$ 0.11	**$ 0.88**	$ 0.51

19 Equity and Capital Management

(thousands of CAD dollars, except number of shares)	Class A Number of Shares	Class A Share Capital	Class B Number of Shares	Class B Share Capital
Balance at January 1, 2017	17,500,000	$ 19,955	1	$ -
No movement	-	-	-	-
Balance at December 31, 2017	17,500,000	$ 19,955	1	$
Balance at January 1, 2018	**17,500,000**	**$ 19,955**	**1**	**$ -**
No movement	-	-	-	-
Balance at September 30, 2018	**17,500,000**	**$ 19,955**	**1**	**$ -**

Capital management

The Company's capital at September 30, 2018, consists of long-term debt, share capital, employee benefit reserve, accumulated other comprehensive income and retained earnings (comprising total shareholders' equity).

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Long-term debt	**$ 20,435**	$ 21,560
Share capital	**19,955**	19,955
Accumulated other comprehensive income	**303**	390
Equity settled employee benefit reserve	**1,521**	1,070
Retained earnings	**87,575**	82,556
Capitalization	**$ 129,789**	$ 125,531

20 Financial Instruments and Related Risk Management

The Company does not use any form of derivative financial instruments to manage its exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk.

Market risk

The carrying amount and fair value of the financial assets and financial liabilities are as follows:

(thousands of CAD dollars)	Classification	Level	September 30, 2018 Carrying Amount	September 30, 2018 Fair Value	December 31, 2017 Carrying Amount	December 31, 2017 Fair Value
Financial assets						
Cash	AC	L2	**$ 37,304**	**$ 37,304**	$ 31,265	$ 31,265
Short-term investments						
GICs	AC	L2	**400**	**400**	150	150
Marketable securities	FVTOCI	L1	**84**	**84**	151	151
Trade and other receivables	AC	L2	**8,114**	**8,114**	7,510	7,510
Financial liabilities						
Accounts payable and accrued liabilities	AC	L2	**12,763**	**12,763**	12,426	12,426
Contingent consideration[1]	FVTPL	L2	**11,000**	**11,000**	14,762	14,762
Long-term debt	AC	L2	**20,435**	**20,435**	21,560	21,560

[1] Contingent consideration related to the AVS Systems Inc. acquisition – see Note 23.

Fair value of financial instruments

IFRS require fair value measurements to be categorized into levels within a fair value hierarchy based on the nature of inputs used in the valuation.

Level 1 — Quoted prices are readily available from an active market.

Level 2 — Inputs, other than quoted prices included in Level 1 that are observable either directly or indirectly.

Level 3 — Inputs are not based on observable market data.

The carrying values of cash, trade and other receivables, accounts payable and accrued liabilities approximate fair value due to their immediate or relatively short-term maturity. Within the long-term debt, the revolving term is currently managed throughout the three-year term with short-term bankers' acceptance notes and, as such, the carrying value approximates fair value due to the short term to maturity as well. It has been determined that there are no differences between the carrying amount and the fair market value of these instruments. The non-revolving term within the long-term debt bears an interest rate of prime plus applicable margin, which exposes the Company to some interest rate risk. However, as noted in the sensitivity analysis of interest rate risk above, the impact of a change in interest rates is considered low.

The deferred share unit liability's fair value is calculated taking into consideration the market price, expected volatility and the risk-free interest rate. This liability is classified as Level 2, but the risk remains low due to the materiality.

21 Revenue

The Company derives its revenue from the transfer of goods or services at either a point in time or over time. This is consistent with the revenue from third parties' information that is disclosed for each reportable segment under IFRS 8 – *Operating Segments* (see Note 22). The following table presents our revenues disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

	Three Months Ended September 30,		Nine Months Ended September 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Registry Operations				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**$ 12,801**	$ 14,336	**$ 38,111**	$ 41,032
Personal Property Registry	**2,723**	2,531	**7,806**	7,659
Corporate Registry	**2,343**	2,236	**7,562**	7,674
Services	**10,447**	3,561	**30,793**	10,867
Technology Solutions	**1,870**	1,132	**3,836**	2,695
Corporate and other	**2**	66	**8**	77
Total revenue	**$ 30,186**	$ 23,862	**$ 88,116**	$ 70,004

The following table presents our revenue disaggregated by timing of revenue recognition:

Timing of revenue recognition (thousands of CAD dollars)	Three Months Ended September 30, **2018**	2017	Nine Months Ended September 30, **2018**	2017
At a point in time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**$ 12,343**	$ 13,843	**$ 36,681**	$ 39,552
Personal Property Registry	**2,723**	2,531	**7,806**	7,659
Corporate Registry	**2,132**	2,029	**6,935**	7,054
Services revenue	**10,447**	3,561	**30,793**	10,867
Technology Solutions revenue	**-**	-	**287**	384
Corporate and other	**2**	66	**8**	77
	$ 27,647	$ 22,030	**$ 82,510**	$ 65,593
Over time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**458**	493	**1,430**	1,480
Corporate Registry	**211**	207	**627**	620
Technology Solutions revenue	**1,870**	1,132	**3,549**	2,311
	$ 2,539	$ 1,832	**$ 5,606**	$ 4,411
Total revenue	**$ 30,186**	$ 23,862	**$ 88,116**	$ 70,004

22 Segment Information

Operating segments are identified as components of a company where separate discrete financial information is available for evaluation by the chief operating decision maker regarding allocation of resources and assessment of performance. The Company uses EBITDA and EBIT as key measures of profit for the purpose of assessing performance of each segment and to make decisions about the allocation of resources. EBITDA is calculated as income before depreciation and amortization, net finance expense, and income tax expense. EBIT is calculated as income after depreciation and amortization expense but before gain or loss on disposition of property, plant, and equipment, net finance expense, and income tax expense.

Effective January 1, 2018, ISC has three reportable segments – Registry Operations, Services, and Technology Solutions compared to two – Registries and Services in previous reporting periods. A functional summary of these three segments is as follows:

- Registry Operations (previously our Registries segment) delivers registry services on behalf of governments and private sector organizations.
- Services delivers products and services that utilize public records and data to provide value to customers in the financial and legal sectors.
- Technology Solutions provides the development, delivery and support of registry (and related) technology solutions.

Corporate and other includes our corporate activities and shared services functions, share of profit (loss) in associates not included in operating segments, and eliminations of inter-segment revenue and costs. The Registry Operations and Service segments operate substantially in Canada. The Technology Solutions segment operates both in Canada and Ireland.

We have restated our 2017 comparative segment results to account for the new segments.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. We account for transactions between reportable segments in the same way we account for transactions with external parties, however, we eliminate them on consolidation.

Revenue and EBIT

For the three months ended September 30, 2018

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate & other	Consolidated Total
Revenue from third parties	**$ 17,867**	**$ 10,447**	**$ 1,870**	**$ 2**	**$ 30,186**
Plus: inter-segment revenue	**-**	**-**	**3,639**	**(3,639)**	**-**
Total revenue	**$ 17,867**	**$ 10,447**	**$ 5,509**	**$ (3,637)**	**$ 30,186**
Expenses excluding depreciation and amortization	**(9,120)**	**(9,211)**	**(5,366)**	**2,333**	**(21,364)**
Change in contingent consideration	**-**	**2,762**	**-**	**-**	**2,762**
EBITDA	**8,747**	**3,998**	**143**	**(1,304)**	**11,584**
Depreciation and amortization	**(435)**	**(1,525)**	**(239)**	**(212)**	**(2,411)**
EBIT	**$ 8,312**	**$ 2,473**	**$ (96)**	**$ (1,516)**	**9,173**
Net finance income (expense)					**520**
Income tax expense					**(1,921)**
Net income					**$ 7,772**
Additions to non-current assets, including acquisitions	**$ 158**	**$ 133**	**$ 421**	**$ (47)**	**$ 665**

For the three months ended September 30, 2017

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate & other	Consolidated Total
Revenue from third parties	$ 19,103	$ 3,561	$ 1,132	$ 66	$ 23,862
Plus: inter-segment revenue	-	-	4,404	(4,404)	-
Total revenue	$ 19,103	$ 3,561	$ 5,536	$ (4,338)	$ 23,862
Expenses excluding depreciation and amortization	(10,145)	(3,044)	(5,257)	1,963	(16,483)
Share of profit in associate	-	-	-	200	200
EBITDA	8,958	517	279	(2,175)	7,579
Depreciation and amortization	(522)	(724)	(153)	(286)	(1,685)
EBIT	$ 8,436	$ (207)	$ 126	$ (2,461)	5,894
Net finance income (expense)					(215)
Income tax expense					(3,823)
Net income					$ 1,856
Additions to non-current assets, including acquisitions	$ -	$ 34	$ 32	$ 40	$ 106

For the nine months ended September 30, 2018

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate & other	Consolidated Total
Revenue from third parties	**$ 53,479**	**$ 30,793**	**$ 3,836**	**$ 8**	**$ 88,116**
Plus: inter-segment revenue	**-**	**-**	**11,113**	**(11,113)**	**-**
Total revenue	**$ 53,479**	**$ 30,793**	**$ 14,949**	**$ (11,105)**	**$ 88,116**
Expenses excluding depreciation and amortization	**(28,963)**	**(26,366)**	**(15,015)**	**6,806**	**(63,538)**
Change in contingent consideration	**-**	**3,762**	**-**	**-**	**3,762**
EBITDA	**24,516**	**8,189**	**(66)**	**(4,299)**	**28,340**
Depreciation and amortization	**(1,349)**	**(4,542)**	**(608)**	**(690)**	**(7,189)**
EBIT	**$ 23,167**	**$ 3,647**	**$ (674)**	**$ (4,989)**	**21,151**
Net finance income (expense)					**(313)**
Income tax expense					**(5,319)**
Net income					**$ 15,519**
Additions to non-current assets, including acquisitions	**$ 259**	**$ 325**	**$ 1,076**	**$ (10)**	**$ 1,650**

For the nine months ended September 30, 2017

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate & other	Consolidated Total
Revenue from third parties	$ 56,365	$ 10,867	$ 2,695	$ 77	$ 70,004
Plus: inter-segment revenue	-	-	12,905	(12,905)	-
Total revenue	$ 56,365	$ 10,867	$ 15,600	$ (12,828)	$ 70,004
Expenses excluding depreciation and amortization	(30,023)	(9,200)	(15,533)	6,313	(48,443)
Share of profit in associate	-	-	-	610	610
EBITDA	26,342	1,667	67	(5,905)	22,171
Depreciation and amortization	(2,199)	(2,134)	(416)	(965)	(5,714)
EBIT	$ 24,143	$ (467)	$ (349)	$ (6,870)	16,457
Net finance income (expense)					(432)
Income tax expense					(7,010)
Net income					$ 9,015
Additions to non-current assets, including acquisitions	$ 5,800	$ 1,247	$ 7,377	$ 2,586	$ 17,010

Inter-segment revenues are charged among segments at arm's length rates, based on rates charged to third parties. Total consolidated revenue is attributed to customers within Ireland and Canada. For the three months ended September 30, 2018, revenue within Ireland was $1.3 million (2017 — $1.0 million) and the remainder was in Canada. For the nine months ended September 30, 2018, revenue within Ireland was $2.8 million (2017 — $2.0 million) and the remainder was in Canada. No single customer represented more than 10.0 per cent of the total consolidated revenue.

Assets and liabilities

As at September 30, 2018 (thousands of CAD dollars)	**Registry Operations**	**Services**	**Technology Solutions**	**Corporate & other**	**Consolidated Total**
Assets					
Total assets, excluding intangibles, goodwill and cash	**$ 25,643**	**$ 6,080**	**$ 3,043**	**$ 12,905**	**$ 47,671**
Intangibles	**4,371**	**32,292**	**5,346**	**23**	**42,032**
Goodwill	**5,800**	**34,513**	**4,130**	**-**	**44,443**
Cash	**-**	**-**	**-**	**37,304**	**37,304**
Total Assets	**$ 35,814**	**$ 72,885**	**$ 12,519**	**$ 50,232**	**$ 171,450**
Liabilities	**$ 4,922**	**$ 22,038**	**$ 5,151**	**$ 29,985**	**$ 62,096**

As at December 31, 2017 (thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate & other	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	$ 27,133	$ 5,340	$ 1,572	$ 15,020	$ 49,065
Intangibles	5,516	36,488	4,992	26	47,022
Goodwill	5,800	34,513	4,160	-	44,473
Cash	-	-	-	31,265	31,265
Total Assets	$ 38,449	$ 76,341	$ 10,724	$ 46,311	$ 171,825
Liabilities	$ 7,306	$ 27,091	$ 3,523	$ 29,934	$ 67,854

Non-current assets are held in Canada and Ireland. At September 30, 2018, non-current assets held in Ireland were $8.6 million (December 31, 2017 — $8.2 million) while the remainder were held in Canada.

23 Acquisition

During 2017, the Company completed the acquisition of three entities: ERS, Alliance Online Ltd. ("Alliance") and AVS. Each acquisition is a business combination to which IFRS 3 – *Business Combinations* applies. A table outlining the net cash flow related to each acquisition is provided below.

Net cash outflow related to the acquisition

(thousands of CAD dollars) Acquisition date	**September 30, 2018**	ERS Jan 23, 2017	Alliance Jun 1, 2017	AVS Dec 21, 2017	December 31, 2017
Total consideration	**$ -**	$ 14,145	$ 1,127	$ 40,231	$ 55,503
Add (deduct) items not yet paid in cash at Dec. 31, 2017					
Working capital		121	-	(469)	(348)
Contingent consideration	**-**	-	-	(14,762)	(14,762)
Consideration paid in cash	**-**	14,266	1,127	25,000	40,393
Less: cash balance acquired	**-**	(604)	(177)	(888)	(1,669)
Total net cash flow related to the acquisition	**$ -**	$ 13,662	$ 950	$ 24,112	$ 38,724

There have been no changes to any of the purchase price allocations from the amounts disclosed for the year ended December 31, 2017.

Contingent consideration

During the quarter, the Company, through its wholly owned subsidiary ESC, entered into an agreement to amend the AVS Share Purchase Agreement to provide for the conditional early settlement of the AVS contingent consideration on November 15, 2018, for an amount of $11.0 million. Subsequent to September 30, 2018, the conditions were satisfied (Note 26). As at September 30, 2018, the Company has adjusted the fair value of the contingent consideration associated with the AVS acquisition to $11.0 million.

A continuity of contingent consideration related to the ERS and AVS acquisitions is presented below:

(thousands of CAD dollars)	**September 30, 2018**	December 31, 2017
Balance, beginning of the period	**$ 15,723**	$ -
AVS acquisition	**-**	14,762
Remuneration expense through wages and salaries	**960**	914
Accretion recognized in interest expense	**4**	9
Change in contingent consideration[1]	**(3,762)**	-
Foreign exchange adjustment	**(32)**	38
Balance, end of the period	**$ 12,893**	$ 15,723
Current portion	**$ 12,893**	$ -
Long-term portion	**-**	15,723
	$ 12,893	$ 15,723

[1] Net of $0.6 million of accretion reclassified in the third quarter of 2018 from interest expense.

The following table summarizes relevant information pertaining to the contingent consideration:

(thousands of CAD dollars)	**Carrying Amount**	**Estimated Future Payments**	**0-6 Months**	**7-12 Months**	**12+ Months**
AVS	$ 11,000	$ 11,000	$ 11,000	$ -	$ -
ERS – retention	1,893	3,000	-	3,000	-
ERS – future business realization[2]	-	-	-	-	-
Total contingent consideration	**$ 12,983**	**$ 14,000**	**$ 11,000**	**$ 3,000**	**$ -**

[2] Under the ERS acquisition the upper limit of this contingent payment is €3 million. As of September 30, 2018, the Company's estimated future payment is $ nil.

24 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(thousands of CAD dollars)	**2018**	2017	**2018**	2017
Trade and other receivables	**$ 662**	$ (309)	**$ (621)**	$ 595
Prepaid expenses	**(319)**	233	**(180)**	193
Contract assets	**235**	-	**(975)**	-
Accounts payable and accrued liabilities	**1,162**	2,407	**336**	1,529
Contract liabilities	**(316)**	17	**274**	(262)
Contingent liability	**305**	247	**931**	691
Income taxes	**843**	1,332	**(1,318)**	1,247
Net change in non-cash working capital	**$ 2,572**	$ 3,927	**$ (1,553)**	$ 3,993

Income taxes paid, net of refunds received, for the three months ended September 30, 2018, totalled $0.5 million (2017 — $0.5 million net refund) and for the nine months ended September 30, 2018, totalled $5.0 million (2017 — $0.3 million).

25 Commitments and Contingencies

Commitments

As of September 30, 2018, the Company has commitments over the next five years that include future minimum payments for leasing of office space, an information technology ("IT") service agreement with Information Systems Management Canada Corporation, other management services contracts and a commitment to the Government of Saskatchewan under the MSA:

(thousands of CAD dollars)	Office Leases	IT and Other Service Agreements	Master Service Agreement	Total
2018	$ 826	$ 1,166	$ -	$ 1,992
2019	3,283	2,320	500	6,103
2020	3,209	688	500	4,397
2021	3,189	-	500	3,689
2022	2,637	-	500	3,137
Thereafter	8,772	-	5,500	14,272
Total commitments	**$ 21,916**	**$ 4,174**	**$ 7,500**	**$ 33,590**

Contingencies

Management's estimate of liability for claims and legal actions that may be made by customers pursuant to the assurance provision and the MSA is based upon claims submitted. As at September 30, 2018, the liability was nil (December 31, 2017 — nil).

Through the normal course of operations, the Company has entered into an indemnity agreement with a surety company to provide a surety bond required under a contract with a customer. In the event that the Company fails to perform under the contract and the surety company incurs a cost on the surety bond, the Company is obligated to repay the costs incurred in relation to the claim up to the value of the bond. The Company's obligation under the bond issued by the surety company expires on completion of obligations under the customer contract to which the bond relates. The term of the surety bond is from February 2018 to September 2019.

At September 30, 2018, the outstanding surety bond totalled $1.7 million (December 31, 2017 — nil). The Company has not recorded any liability related to this bond, as management believes that no material events of default exist under the contract with its customer.

26 Subsequent Events

On November 6, 2018, the Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before January 15, 2019, to shareholders of record as of December 31, 2018.

On October 31, 2018, the conditions associated with the amendment to AVS Share Purchase Agreement (Note 23) to provide for the early settlement of the AVS contingent consideration on November 15, 2018, for an amount of $11.0 million were satisfied. As at September 30, 2018, the Company has adjusted the fair value of the contingent consideration associated with the AVS acquisition to $11.0 million.

On November 6, 2018, the Company entered into an amended and restated credit agreement in connection with the secured credit facilities (collectively, the "Credit Facilities") provided by its Lender (Note 16). The aggregate amount available under the Credit Facilities is now $80.0 million, comprised of (i) a $10.0 million committed revolving term loan facility ("Facility 1") for general corporate purposes and (ii) a $70.0 million delayed draw term loan facility ("Facility 2"), up to $20.0 million of which shall be used to refinance the existing credit facilities under the Original Agreement with the balance available to the Company for future growth opportunities.

Facility 1 will mature on November 6, 2021, unless renewed prior to that time and is repayable by ISC upon demand by the Lender and the Lender may terminate at any time. Facility 2 is repayable by ISC through quarterly payments, commencing January 2019 and matures on November 6, 2021, unless renewed prior to that time.

Borrowings under the Credit Facilities will bear interest at a base rate of prime, bankers' acceptance, letter of credit or letter of guarantee fee (determined in accordance with the terms of the Credit Facilities), plus a margin varying between 0.45 per cent and 2.25 per cent per annum depending on the type of advance and the Company's leverage ratio. The Company is also required to pay a commitment fee quarterly in arrears, at the rate between 0.29 per cent and 0.34 per cent per annum, depending on the Company's leverage ratio and the unutilized and uncancelled portions of the Credit Facilities.

The Credit Facilities contain financial covenants which require the Company to maintain a leverage ratio of less than 3:1 and a fixed charge coverage ratio (as defined in the Credit Facilities) of greater than 1:1.

The Credit Facilities also contain other positive covenants, negative covenants, events of default, representations and warranties customary for credit facilities of this nature.

The indebtedness under the Credit Facilities is secured by a first ranking security interest in all of the personal property and floating charge on all real property of the Company, a pledge of all shares of ISC Sask and ESC, an unlimited guarantee and postponement of claim from ISC Sask and ESC guaranteeing all of ISC's indebtedness and obligations to the Lender, a second ranking security interest (subject to the security of the Government of Saskatchewan under a debenture) in all of the personal property and floating charge over all property of ISC Sask and a first ranking security interest in all of the personal property and floating charge on all real property of ESC and a deed of movable hypothec in the amount of $17.25 million registered in the province of Quebec.