August 3, 2017

Management's Discussion and Analysis

For the Three and Six Months Ended June 30, 2017

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1 Introduction

This Management's Discussion and Analysis ("MD&A") for Information Services Corporation ("ISC") discusses our financial and operating performance, business indicators and outlook from management's viewpoint. This document should be read in its entirety and is intended to complement and supplement ISC's unaudited Condensed Consolidated Interim Financial Statements ("Financial Statements") for the three and six months ended June 30, 2017, and 2016. Additional information, including our Annual Information Form for the year ended December 31, 2016 is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

2 Responsibility for Disclosure

This MD&A contains information from our Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2017 and 2016, prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, using accounting policies that are consistent with International Financial Reporting Standards ("IFRS"). The financial information that appears throughout our MD&A is consistent with the Financial Statements.

Unless otherwise noted, or unless the context indicates otherwise, "ISC", the "Company", "we", "us" and "our" refer to Information Services Corporation, its subsidiaries and its predecessors. Any statements in this MD&A made by, or on behalf of, management are made in such persons' capacities as officers of ISC and not in their personal capacities.

ISC presents its Financial Statements in Canadian dollars ("CAD"). In this MD&A, all references to "$" or "dollars" are to Canadian dollars and amounts are stated in Canadian dollars unless otherwise indicated.

This MD&A is current as of August 3, 2017. The Board of Directors ("Board") carries out its responsibility for review of this disclosure primarily through the Audit Committee, which is comprised exclusively of independent directors.

The Audit Committee reviews and approves the fiscal year-end MD&A and recommends it to the Board for approval. Interim MD&As are reviewed and approved by the Audit Committee. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures, and advising the directors on auditing matters and financial reporting issues.

This MD&A contains forward-looking statements and should be read in conjunction with the "Caution Regarding Forward-Looking Statements" section below.

3 Caution Regarding Forward-Looking Statements

Certain statements in this MD&A about ISC's current and future plans, expectations and intentions, results, levels of activity, performance, goals or achievements, or any other future events or developments constitute forward-looking statements. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "anticipate", "believe", "estimate", "predict", "project", "targets", "strive", "strategy", "continue", "likely" or "potential", or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. By their nature, these statements involve assumptions, known and unknown risks and uncertainties and other factors, which may cause actual results, levels of activity and achievements to differ materially from those expressed or implied by such statements.

Discussions containing forward-looking statements may be found in this MD&A. Forward-looking statements including, without limitation, those contained in the "Outlook" section hereof, management's expectations, intentions and beliefs concerning the registry services, corporate services and information products industries, its competitive landscape, the general economy and the real estate market, prices for agricultural commodities, oil and potash, fluctuations in the Canadian dollar and other foreign currencies, statements regarding the future financial position or results of ISC, the long-term impact of certain payments of the Government of Saskatchewan, seasonality, ISC's business and service offerings outside of Saskatchewan and the competitiveness of such businesses and service offerings, business strategy, customer growth and diversification, investment in human capital, dividend expectations, creation of shareholder value, recent and proposed acquisitions, growth opportunities, development and completion of projects, capital and operating expectations, access to financing on satisfactory terms, debt levels, free cash flow, expectations for meeting future cash requirements, potential litigation, projected costs, and plans and objectives of or involving ISC are based on estimates and assumptions made by us in light of ISC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that ISC believes are appropriate and reasonable in the circumstances. There can be no assurance that such estimates and assumptions will prove to be correct.

Certain assumptions with respect to the Canadian economy and, in particular, the Saskatchewan, Ontario, and Quebec economies, and international economies, the impact of commodity prices, such as agricultural commodities, oil and potash and the value of the Canadian dollar on the Saskatchewan economy, consumer confidence, interest rates, level of unemployment, inflation, real estate market in Saskatchewan, claim liabilities, income taxes, our ability to attract and retain skilled staff, the compensation and benefits that will be paid or provided to employees and our level of customer service, as well as goodwill and intangibles, are material factors in connection with our forward-looking statements and management's expectations.

Many factors could cause actual results, levels of activity, performance or achievements, or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors:

- potential disagreements with the Government of Saskatchewan;

- ISC's limited ability to set fees;
- legislative changes that affect our business;
- the Canadian economy and, in particular, the Saskatchewan economy, including conditions within the real estate market, inflation, interest rate levels, unemployment levels and consumer behaviour;
- the level of search and registration activities, principally as related to the Land, Personal Property and Corporate Registries in Saskatchewan (collectively, the "Saskatchewan Registries");
- reliance on key personnel;
- our ability to execute our growth strategy, including the ability to complete and integrate new acquisitions and to secure contracts to provide new service offerings;
- our ability to realize growth opportunities, including the potential benefits that are anticipated to result from new acquisitions or service offerings we pursue from time to time;
- our ability to generate revenue and effectively manage costs in our Services segment, including our reliance on key customers;
- our ability to develop products and grow our market share in the registry market;
- our ability to operate effectively in international markets;
- business and economic conditions in all geographic areas where we carry on business;
- any undisclosed liabilities acquired pursuant to past or future acquisitions;
- any compromise to the integrity or security of our information assets;
- our reliance on information technology systems or a material disruption in our computer systems;
- our reliance on third-party service providers or other contractors under key contractual arrangements;
- competition for service and product offerings (other than our exclusive service offerings to the Government of Saskatchewan);
- our ability to obtain future financing;
- our insurance may not provide adequate coverage;
- litigation and tax matters;
- our liability to the Government of Saskatchewan under the Master Service Agreement ("MSA") is unlimited, except in certain specified circumstances;
- any adverse changes in labour relations;
- any failure to protect ISC's intellectual property rights;
- the potential for a volatile market price for our Class A Limited Voting Shares ("Class A Shares"); and

- our ability to pay dividends, which is dependent on our ability to generate sufficient income and cash flow.

These factors should be considered carefully. We caution that the foregoing listing of important assumptions and factors is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The purpose of the forward-looking statements is to provide the reader with a description of management's expectations regarding ISC's financial performance and may not be appropriate for other purposes. Readers should not place undue reliance on forward-looking statements made herein.

Furthermore, unless otherwise stated, the forward-looking statements contained in this MD&A are as of the date of this MD&A, and we have no intention and undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

We have obtained some of the market and industry data presented in this MD&A through market research, publicly available information, reports of governmental agencies, and industry publications and surveys, including various forecasts. While the Company's management generally believes such market and industry data to be reliable, the Company has not verified such market and industry data through other independent sources or other means.

4 Consolidated Highlights

4.1 Second quarter consolidated highlights

- Revenue was $24.6 million for the three months ended June 30, 2017, a negligible decrease compared to $24.7 million for the three months ended June 30, 2016.

- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the second quarter of 2017 was $8.8 million compared to $10.3 million in the same quarter of last year, a decrease of $1.5 million.

- The EBITDA margin for the second quarter of 2017 was 35.8 per cent compared to 41.7 per cent in the second quarter of 2016.

- Adjusted EBITDA was $9.6 million for the second quarter of 2017 compared to $11.1 million in the same quarter last year with an adjusted EBITDA margin of 38.8 per cent for the quarter compared to 45.1 per cent in the second quarter of 2016. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.

- Net income for the three months ended June 30, 2017, was $4.7 million or $0.27 per basic and diluted share. In the second quarter of 2016, net income was $6.6 million or $0.38 per basic and $0.37 per diluted share.

- On May 8, 2017, our Board declared a quarterly cash dividend of $0.20 per Class A Share, paid on July 15, 2017, to shareholders of record as of June 30, 2017.

- On June 1, 2017, through our wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), we acquired all of the issued and outstanding common shares of Alliance Online Ltd. ("Alliance"), a personal property, corporate and land registry search and submission provider located in Mississauga, ON for a purchase price of $1 million plus working capital of $0.1 million.

4.2 Year-to-date consolidated highlights

- Revenue was $46.1 million for the six months ended June 30, 2017, an increase of 4.2 per cent compared to $44.3 million for the six months ended June 30, 2016.

- EBITDA for the six months ended June 30, 2017, was $14.6 million compared to $15.4 million in the same period last year.

- Our EBITDA margin for the six months ended June 30, 2017, was 31.6 per cent compared to 34.7 per cent for the six months ended June 30, 2016.

- Adjusted EBITDA was $15.8 million for the six months ended June 30, 2017, compared to $16.6 million in the same period last year, with ISC generating an adjusted EBITDA margin of 34.2 per cent for the quarter compared to 37.5 per cent in the six months ended June 30, 2016. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.

- Net income for the six months ended June 30, 2017, was $7.2 million, or $0.41 per basic and $0.40 per diluted share. For the six months ended June 30, 2016, net income was $8.8 million, or $0.50 per basic and $0.49 per diluted share.

- On January 23, 2017, we acquired all of the issued and outstanding common shares of Enterprise Registry Solutions Ltd. ("ERS"), a global leader in the development and implementation of registry technology. The Company completed the transaction with $14.3 million of the purchase price paid on closing of the transaction and up to €5.0 million in additional consideration contingent on the retention of existing leadership and realization of future business. The purchase price was financed through a combination of cash and $10.0 million of debt, pursuant to the September 28, 2015, amended and restated Credit Facilities. The acquisition of ERS is not expected to be immediately accretive to ISC's earnings per share in 2017.

- In March 2017, we contributed additional capital of $2.5 million representing our pro rata share of an equity raise by Dye & Durham Corporation ("Dye & Durham") raising our ownership interest to 30.1 per cent. These funds were used to finance certain growth activities of Dye & Durham.

4.3 Subsequent events

On August 3, 2017, our Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before October 15, 2017, to shareholders of record as of September 30, 2017.

4.4 Select consolidated financial information

The select quarterly financial information set out for the three and six months ended June 30, 2017 and 2016, is derived from ISC's Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods.

	Three months ended June 30,		Six months ended June 30,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Revenue	**$ 24,646**	$ 24,674	**$ 46,142**	$ 44,280
Total comprehensive income	**5,279**	6,578	**7,609**	8,774
EBITDA[1]	**$ 8,824**	$ 10,282	**$ 14,592**	$ 15,359
Adjusted EBITDA[1]	**9,553**	11,134	**15,775**	16,605
EBITDA margin (% of revenue) [1]	**35.8%**	41.7%	**31.6%**	34.7%
Adjusted EBITDA margin (% of revenue)[1]	**38.8%**	45.1%	**34.2%**	37.5%
Free cash flow [1]	**$ 7,747**	$ 6,297	**$ 13,349**	$ 9,613
Dividend declared per share	**$ 0.20**	0.20	**$ 0.40**	0.40
Earnings per share, basic[2]	**0.27**	0.38	**0.41**	0.50
Earnings per share, diluted[2]	**0.27**	0.37	**0.40**	0.49

	As at June 30, 2017	As at December 31, 2016
Total assets	$ 141,116	$ 131,321
Total non-current liabilities	$ 25,031	$ 25,637

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section "Non-IFRS Financial Measures".

[2] The calculation of earnings per share was based on net income after tax and the weighted average number of shares outstanding during the period.

5 Business Overview

Headquartered in Canada, ISC is the leading provider of registry and information management services for public data and records. Throughout our history, we have delivered value to our clients by providing solutions to manage, secure and administer information through our Registries and Services segments.

In 2013, ISC made the transition from a provincial Crown corporation, owned by the Government of Saskatchewan, to a publicly traded company with shares that began trading on July 9, 2013, on the Toronto Stock Exchange under the symbol "ISV".

ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions, including the services and functions provided by our subsidiary, Enterprise Registry Solutions Ltd., are reported as Corporate.

Our Registries business involves the provision of registry and information services and software solutions to governments and private sector organizations. We work with our clients to support their policies and execute procedures to ensure the integrity of the data, manage the information technology, data management and authentication processes.

Our Services business includes our wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), which was acquired October 1, 2015. ESC provides services to law firms, corporations, financial institutions and others to fulfill a wide variety of clients' public records due diligence, filings and corporate supply requirements in connection with public business registries in Canada and certain other countries. ESC has offices in Toronto, ON, and Montreal, QC.

On January 23, 2017, we acquired Enterprise Registry Solutions Ltd. ("ERS"), which operates as a wholly owned subsidiary. With offices in Dublin, Ireland, ERS is a provider of registry technology solutions and expertise, specializing in the implementation and support of systems related to the corporate registry domain. Its registry solutions serves 33 register types and supports 20 registries in Europe, North America and Asia.

On June 1, 2017, through our wholly owned subsidiary, ESC, we acquired all of the issued and outstanding common shares of Alliance Online Ltd. ("Alliance") which was then subsequently amalgamated with and continued as ESC. Alliance is a personal property, corporate and land registry search and submission provider located in Mississauga, ON, which has been serving these registries and related markets in Canada since 1993. This acquisition provides ESC with additional capacity in personal property registry services and systems.

In addition, we have a 30.1 per cent ownership interest in Dye & Durham Corporation ("Dye & Durham"). Dye & Durham is a comprehensive supplier of worldwide registry and legal support services in Canada with its head office based in Vancouver, BC.

We continue to examine and pursue growth initiatives in Canada and internationally, including other potential strategic acquisitions and opportunities to provide registry and other services in additional jurisdictions.

Segment information

We analyze financial performance by operating segments, which 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.

As noted previously, ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions, including the services and functions provided by our subsidiary, ERS, are reported as Corporate.

6 Results of Operations

Consolidated statements of comprehensive income

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Revenue	**$ 24,646**	$ 24,674	**$ 46,142**	$ 44,280
Expenses				
Wages and salaries	**7,966**	6,496	**16,277**	13.181
Information technology services	**3,076**	2,360	**5,464**	4,725
Depreciation and amortization	**1,997**	1,813	**4,029**	3,656
Occupancy costs	**1,379**	1,217	**2,687**	2,440
Professional and consulting services	**1,425**	1,257	**2,505**	2,255
Cost of goods sold	**897**	1,088	**1,812**	2,078
Financial services	**467**	468	**1,143**	1,451
Project initiatives	**541**	1,154	**959**	2,064
Other	**658**	615	**1,113**	977
Total expenses	**18,406**	16,468	**35,989**	32,827
Net income before items noted below	**6,240**	8,206	**10,153**	11,453
Finance expense (income)				
Interest income	**(57)**	(61)	**(109)**	(123)
Interest expense	**162**	144	**326**	292
Net finance expense (income)	**105**	83	**217**	169
Share of (profit) loss in associate	**(587)**	(263)	**(410)**	(250)
Income before tax	**6,722**	8,386	**10,346**	11,534
Income tax expense	**1,989**	1,808	**3,187**	2,760
Net income	**4,733**	6,578	**7,159**	8,774
Other comprehensive income (loss)				
Unrealized gain on translation of financial statements of foreign operations	**547**	-	**496**	-
Change in fair value of marketable securities (net of tax)	**(1)**	-	**(46)**	-
Other comprehensive income (loss) for the period	**546**	-	**450**	-
Total comprehensive income	**$ 5,279**	$ 6,578	**$ 7,609**	$ 8,774

Second quarter results

Consolidated revenue

Revenue was $24.6 million for the three months ended June 30, 2017, a slight decline compared to the same period in 2016 due to decreases in both the Registries and Services segments. For the six months ended June 30, 2017, revenue increased to $46.1 million compared to $44.3 million in 2016, due to stronger revenue in both segments in the first quarter of 2017.

				Three Months Ended June 30,	
(thousands of CAD dollars)	Registries	Services	Corporate	**2017**	2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	$ 14,943	$ -	$ -	**$ 14,943**	$ 15,371
Personal Property Registry	2,781	-	-	**2,781**	2,778
Corporate Registry	2,621	-	-	**2,621**	2,378
Registries	20,345	-	-	**20,345**	20,527
Services	-	3,551	-	**3,551**	3,618
Other	-	-	750	**750**	529
	$ 20,345	$ 3,551	$ 750	**$ 24,646**	$ 24,674

				Six Months Ended June 30,	
(thousands of CAD dollars)	Registries	Services	Corporate	**2017**	2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	$ 26,696	$ -	$ -	**$ 26,696**	$ 26,867
Personal Property Registry	5,128	-	-	**5,128**	5,005
Corporate Registry	5,438	-	-	**5,438**	4,968
Registries	37,262	-	-	**37,262**	36,840
Services	-	7,306	-	**7,306**	6,895
Other	-	-	1,574	**1,574**	545
	$ 37,262	$ 7,306	$ 1,574	**$ 46,142**	$ 44,280

Registries

Overall

Revenue for our Registries segment was $20.3 million for the three months ended June 30, 2017, a decrease of $0.2 million or 0.9 per cent, compared to the second quarter in 2016. For the six months ended June 30, 2017, revenue was $37.3 million, an increase of $0.4 million, or 1.1 per cent, compared to the same period last year. Our second quarter results were lower due to decreased revenue from the Land Registry, which was partially offset by an increase in revenue from the Corporate Registry.

The Company's top five customers for the Registries segment represent 17.8 per cent of total revenue for the segment for the first six months of 2017. Of those customers, no single customer represented more than 10.0 per cent of the total segment revenue.

Land Registry

Revenue for the Land Registry was $14.9 million for the quarter ended June 30, 2017, down by 2.8 per cent compared to the same period in 2016. Revenue for the Land Registry was $26.7 million for the six months ended June 30, 2017, a modest decrease of $0.2 million or 0.6 per cent, compared to the same period in 2016.

(i) Land Titles Registry

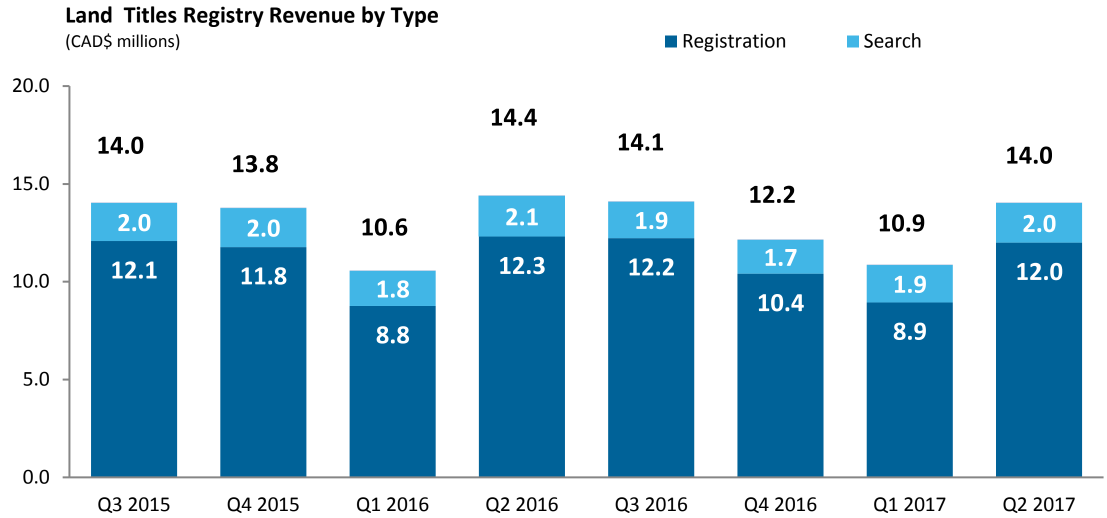
Land Titles Registry revenue for the second quarter was $14.0 million, a decrease of $0.4 million or 2.6 per cent compared to the same period in 2016. This was primarily due to lower interest registration revenue in 2017 versus 2016, as the second quarter of 2016 revenue was abnormally high because of an influx of resource sector-based interest transactions. Revenue was relatively flat for the six months ended June 30, 2017, at $24.9 million compared to $25.0 million in the same period in 2016.

Overall transaction volumes dropped by 1.7 per cent for second quarter compared to the same period last year due to declines in key transaction types. The volume of regular land transfers, mortgage registrations and title searches fell by 2.5 per cent, 4.8 per cent and 4.0 per cent respectively compared to the same period in 2016. These declines were partially offset by volume increases in other transaction types.

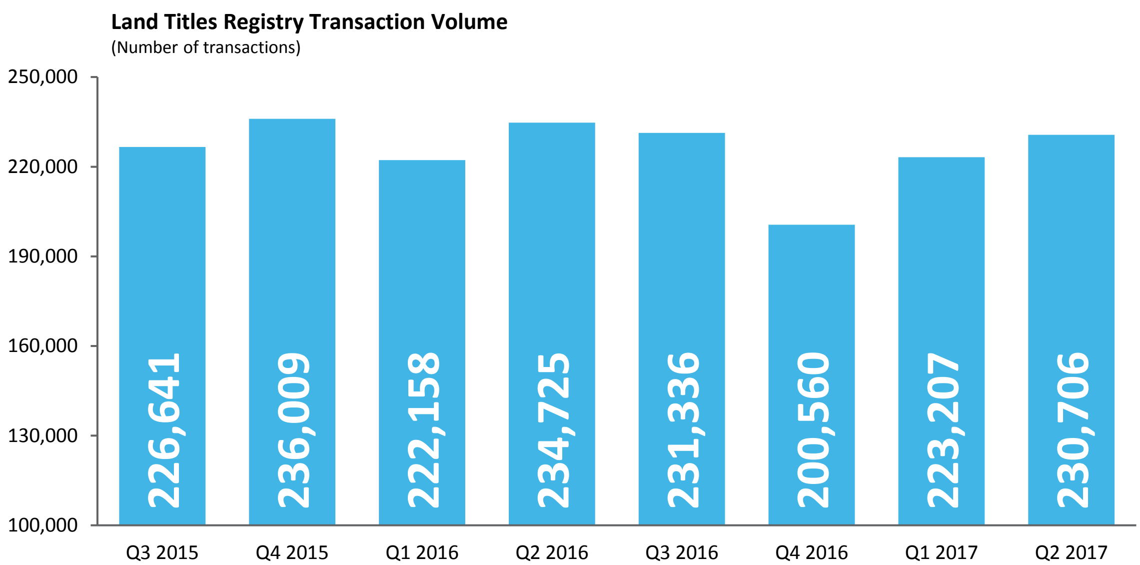
The majority of the revenue in the Land Titles Registry comes from value-based fees. While most of 2016 saw declines of average land values for regular land transfers, 2017 year-to-date has shown improvement. Following increases in the first quarter of 2017, average land values moved up by 3.4 per cent in the second quarter of 2017 compared to the same period in 2016.

High-value property registration revenue for the second quarter of 2017 was $0.9 million, down $0.1 million compared to last year. Each high-value registration generated revenue of $10,000 or more.

The following charts show the Land Titles Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year with the second quarter typically generating greater revenue. For more information on seasonality, please refer to the "Summary of Consolidated Quarterly Results".



Note: Values may not add up due to rounding from minor Maintenance transactions not displayed.



Land Titles Registry primary customers are legal firms, financial institutions, developers and resource-based companies. For the first six months of 2017, our top 20 Land Titles Registry customers represented 37.6 per cent of our revenue and our top 100 Land Titles Registry customers represented 74.7 per cent of revenue.

(ii) Land Surveys and Geomatics

Collectively, the revenue from Land Surveys and Geomatics was $0.9 million for the second quarter, a decline of 6.1 per cent compared to last year. For the six months ended June 30, 2017, revenue was $1.8 million, down $0.1 million compared to $1.9 million in the same period in 2016.

Revenue from Land Surveys was down 19.0 per cent for the second quarter in 2017 compared to the same period in 2016. This was primarily due to a decline in overall transaction volumes, which were down 9.8 per cent compared to the second quarter of 2016.

Land Surveys customers include surveyors, developers, resource companies, government and other businesses that access our mapping systems and survey plans to support their development plans. For the six months ended June 30, 2017, our top 20 Land Surveys customers made up 90.3 per cent of our revenue, whereas the top 100 customers accounted for 96.0 per cent.

Geomatics revenue for the second quarter increased by 3.3 per cent compared to the same quarter last year due to Civic Address Registry ("CAR") data sales.

Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. For the six months ended June 30, 2017, our top 20 Geomatics customers comprised 86.2 per cent of our revenue, while our top 100 customers represented 98.3 per cent of revenue.

Personal Property Registry

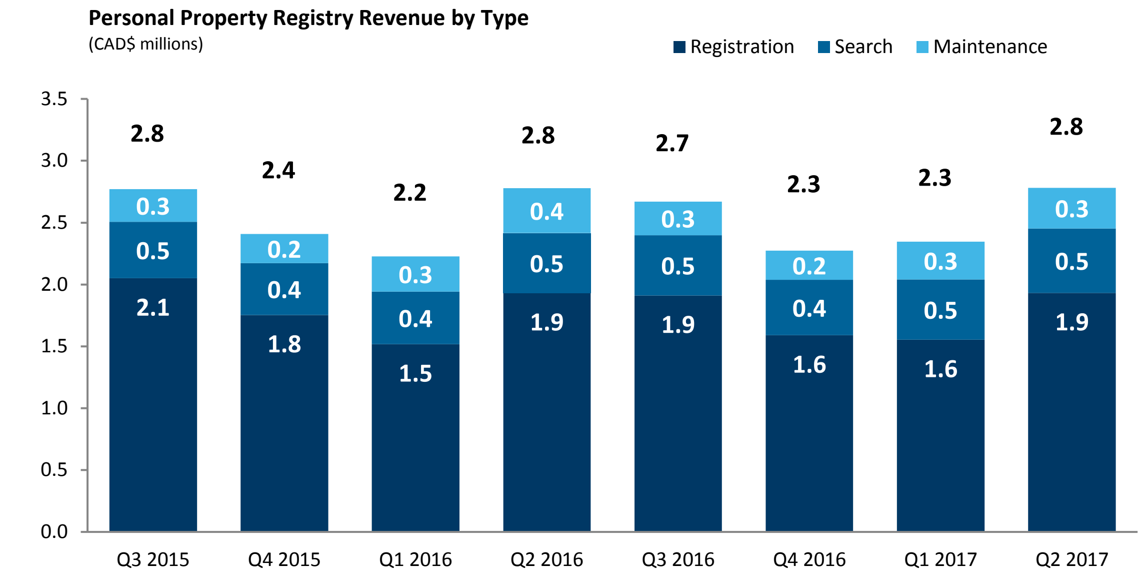
Revenue for the Personal Property Registry for the second quarter of 2017 was flat at $2.8 million compared to the same period in 2016. For the first six months of 2017, revenue was $5.1 million compared to $5.0 million for the same period last year, up 2.5 per cent.

New motor vehicle sales (units) have been strong in Saskatchewan in 2017 (for January to May), which increased by 14.1 per cent compared to the same period in 2016[1]. Similarly, the primary transaction for this registry, personal property security registration setups, saw volumes grow in the second quarter of 2017 by 3.0 per cent compared to the same period in 2016. This is the second consecutive quarterly growth since the first quarter of 2014. Revenue decreased by 0.3 per cent compared to the same period last year because of registry fee changes made in July 2016, which lowered fees for setups as part of a rebalance of fees across the Saskatchewan registries.

The graph below depicts the revenue by type of transaction. Compared to the same period last year, registration revenue was relatively unchanged. Search revenue improved, up 7.3 per cent while

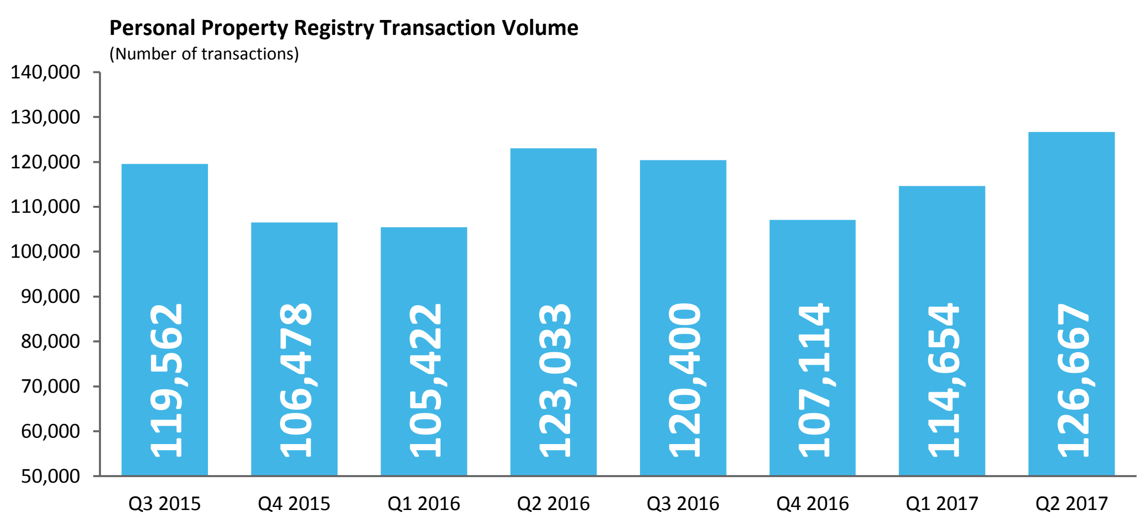
[1] Statistics Canada Table 079-0003 – New motor vehicle sales, Canada, provinces and territories, CANSIM (database), accessed July 17, 2017.

maintenance revenue dropped 9.2 per cent for the second quarter of 2017 compared to the same period in 2016. Revenue results for the second quarter align with the typical pattern of seasonality, being stronger compared to first quarter.



Note: Values may not add due to rounding.

Transaction volumes for the second quarter of 2017 increased by 3.0 per cent compared to the same period last year. Specifically, registration volumes rose by 4.2 per cent and search transactions by 3.1 per cent, which more than offset the 1.3 per cent decline in maintenance volumes.



Customers of the Personal Property Registry largely come from the financial sector in addition to legal firms. The top 20 Personal Property Registry customers generated 80.5 per cent of the revenue for the first six months of 2017, while the top 100 made up 93.4 per cent of our revenue.

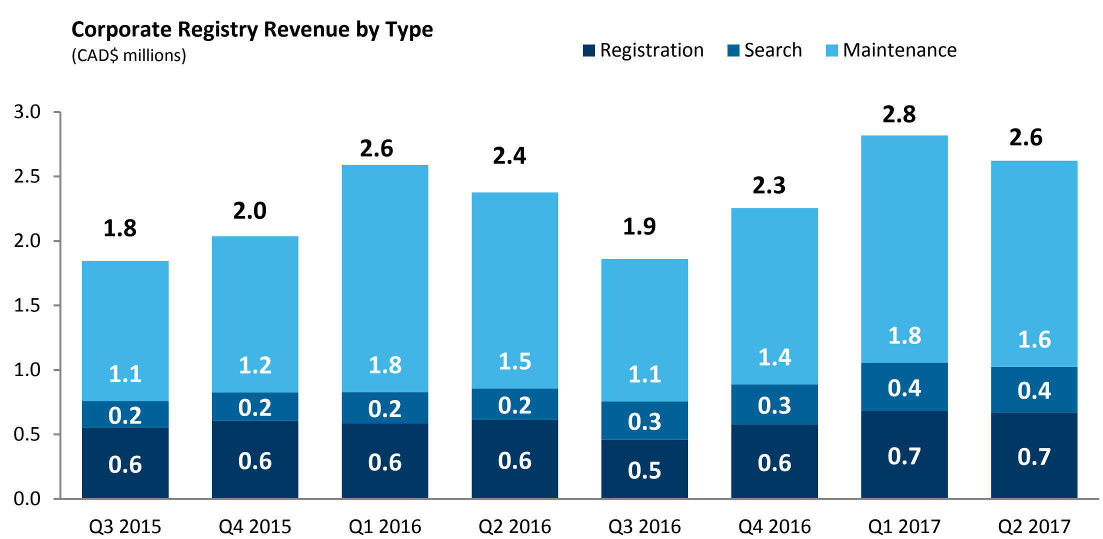
Corporate Registry

Revenue for the Corporate Registry for the quarter ended June 30, 2017, was $2.6 million, an increase of $0.2 million, or 10.2 per cent, compared to the same period in 2016. For the six months ended June 30, 2017, revenue was $5.4 million, up 9.5 per cent, compared to $5.0 million for the same period last year.

With the launch of the new system for the Saskatchewan Corporate Registry in July 2016, we implemented a number of permanent changes to the services and fee structure. Structural changes to how we record volumes and the new fee schedule, which included targeted fee increases resulted in increased revenue for the registry.

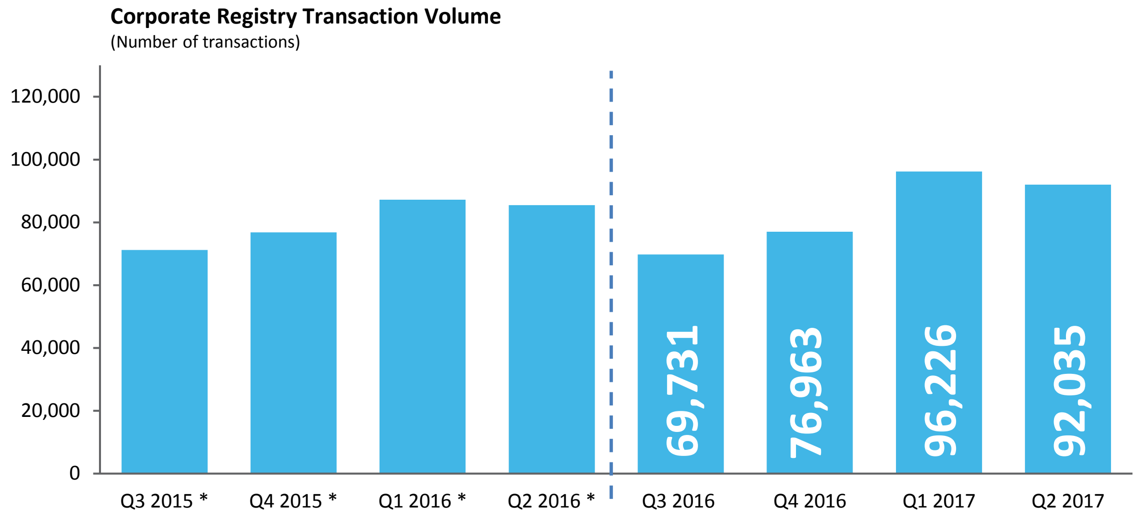
With that in mind, revenue from the filing of annual returns and renewals improved by 7.6 per cent compared to the second quarter of 2016. Revenue from the incorporation and registration of new business entities also increased by 9.2 per cent compared to the second quarter last year. Search revenue increased by 44.9 per cent compared to the second quarter of 2016, due to the registry fee changes made in July 2016. This activity rebalanced fees across several categories and resulted in a higher fee for profile reports, which is the primary transaction type for search.

The following graph depicts revenue by type of transaction. Corporate Registry revenue for the second quarter of 2017 increased compared to the same period in 2016 due to improvements across all transaction types. Quarterly revenue continues to mirror the Company's typical pattern of seasonality.



Note: Values may not add due to rounding.

The graph below shows the transaction volumes for the Corporate Registry for the second quarter of 2017. The new fee schedule and the Corporate Registry system implementation (both in July 2016), changed the way we record volumes for fee generating transactions. We adjusted the historical trending in the graph below to approximate expected comparative volumes under the current system.



**Note: As noted above, we adjusted historical trending to approximate expected comparative volumes under the current structure.*

As of June 30, 2017, there were approximately 74,755 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 72,888 as at June 30, 2016.

For the Corporate Registry, customers largely include legal firms and companies in the financial sector. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers accounted for 32.7 per cent of revenue for the first six months of 2017, whereas the top 100 customers made up 51.0 per cent of revenue.

Services

Revenue in our Services segment for the three months ended June 30, 2017, which consists of revenue earned by our wholly owned subsidiary ESC, was $3.6 million. This is a decrease of $0.1 million, or 1.8 per cent, compared to the second quarter of 2016. For the six months ended June 30, 2017, revenue was $7.3 million compared to $6.9 million for the same period of 2016.

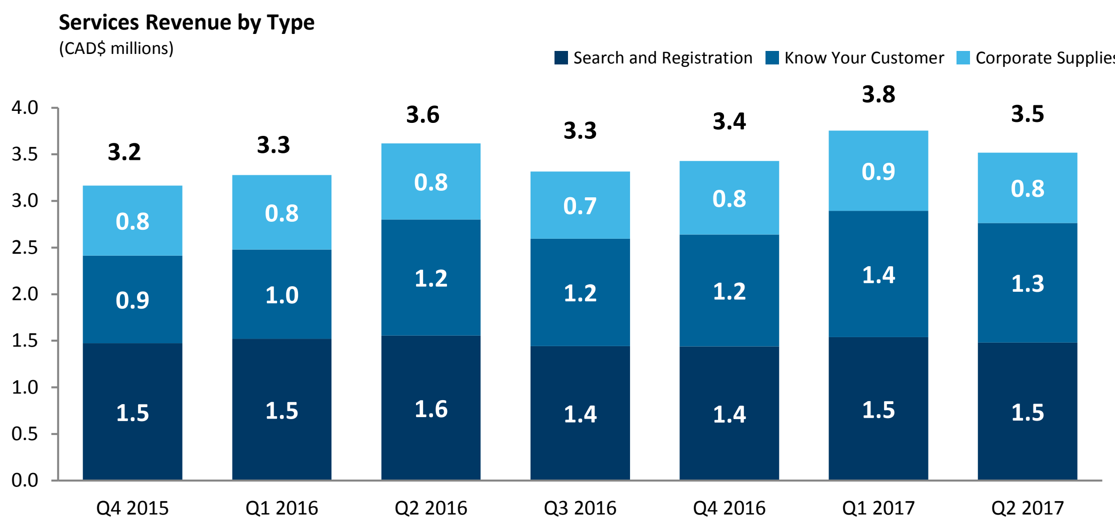
The revenue is linked to clients – law firms, financial institutions and professional firms – and the business they undertake on behalf of companies across Canada. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business start-up activities, which drives activity for our Services segment.

Search and registration services revenue, which represents 42.1 per cent of total revenue, decreased 4.7 per cent to $1.5 million for the second quarter compared to the same period in 2016. For the first six months of 2017, revenue was $3.0 million compared to $3.1 million last year. The decrease was due to slightly lower transaction volumes for the quarter. Search and registration services revenue includes corporate, business name, personal property, real property, corporate name search reports (also known as NUANS[2] reports), trademark and other search and registration services. ESC provides these services primarily to lawyers and law firms.

Know-Your-Customer ("KYC") services revenue for the second quarter of 2017 was $1.3 million or 36.5 per cent of total revenue and grew by 3.0 per cent compared to the same quarter last year. For the first six months of 2017, revenue was $2.6 million compared to $2.2 million for same period of 2016. The increase was due to new customer onboarding and organic growth of the existing customer base. This includes KYC services that support customers' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources (e.g., corporate registry, personal property registry, land registry, litigation, and bankruptcy and *Bank Act* searches). ESC provides KYC services primarily to financial institutions.

Corporate supplies revenue for the second quarter of 2017 was $0.8 million or 21.4 per cent of the total Services segment revenue, decreased by 7.7 per cent compared to the same period in 2016. For the six months ended June 30, 2017, revenue was flat at $1.6 million compared to last year. The corporate supply business is traditionally static with little seasonality. The revenue decrease for the second quarter was due to timing of customer orders. This includes corporate supplies and accessories for the manufacturing, sale and distribution of customized corporate minute books, seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations. ESC provides corporate supplies primarily to lawyers and law firms.

[2] NUANS (Newly Updated Automated Name Search) is a registered trademark of the Government of Canada and is a computerized search system that compares a proposed corporate name or trademark with databases of existing corporate bodies and trademarks.



The top 20 ESC customers comprised about 49.3 per cent of the revenue for the six months ended June 30, 2017, while the top 100 ESC customers made up nearly 64.7 per cent of revenue. No single customer accounted for more than 25.0 per cent of ESC revenue in the same period.

Consolidated expenses

For the three months ended June 30, 2017, consolidated expenses (all segments) were $18.4 million, an increase of 11.8 per cent, compared to $16.5 million for the same period of 2016. Expenses for the six months ended June 30, 2017, were $36.0 million compared to $32.8 million for the same period of 2016, an increase of 9.6 per cent.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Expenses				
Wages and salaries	**$ 7,966**	$ 6,496	**$ 16,277**	$ 13,181
Information technology services	**3,076**	2,360	**5,464**	4,725
Depreciation and amortization	**1,997**	1,813	**4,029**	3,656
Occupancy costs	**1,379**	1,217	**2,687**	2,440
Professional and consulting services	**1,425**	1,257	**2,505**	2,255
Cost of goods sold	**897**	1,088	**1,812**	2,078
Financial services	**467**	468	**1,143**	1,451
Project initiatives	**541**	1,154	**959**	2,064
Other	**658**	615	**1,113**	977
Total expenses	**$ 18,406**	$ 16,468	**$ 35,989**	$ 32,827

The increase in expenses was due to a combination of the following:

- Wages and salaries were $8.0 million, up $1.5 million, for the three months ended June 30, 2017, compared to the same period in 2016. Wages and salaries for the six months ended June 30, 2017, were $16.3 million compared to $13.2 million in the same period of 2016. The increase was mainly the result of additional wages and salaries from our subsidiary, ERS, which we acquired in January 2017. Other factors included additional staffing in our Services segment to address new client onboarding, annual merit increases for out-of-scope employees across our segments, and increases to our in-scope employee salaries as per the Collective Bargaining Agreement, which was ratified in July 2016.

- Information technology service costs were $3.1 million, up $0.7 million for the quarter, compared to the second quarter of 2016 and for the six months ended June 30, 2017, were $5.5 million compared to $4.7 million for the same period of 2016. The increase reflects termination costs related to the Company's decision to end its technology services contract with DXC Technology Company (formerly

Hewlett-Packard (Canada) Co.) effective November 30, 2017. Consistent with our purchase of ERS in January 2017, the Company is consolidating support and development functions internally to realize future cost savings.

- Depreciation and amortization costs were $2.0 million for the three months ended June 30, 2017, compared to $1.8 million in the same period of 2016. Depreciation and amortization costs for the six months ended June 30, 2017, were $4.0 million compared to $3.7 million in the same period of 2016. The increase was a result of additional amortization and depreciation of both new and acquired assets from our subsidiaries ERS and ESC.

- Occupancy costs were $1.4 million for the three months ended June 30, 2017, compared to $1.2 million in 2016. Occupancy costs increased to $2.7 million for the six months ended June 30, 2017, from $2.4 million in the same period of 2016. The increase was due to the addition of our subsidiary, ERS and general occupancy cost increases.

- Professional and consulting services were $1.4 million and $2.5 million for the three months and six months ended June 30, 2017 respectively, compared to $1.3 million and $2.3 million in the same periods of 2016. The increase was due to professional and consulting services within our new subsidiary ERS.

- Cost of goods sold was $0.9 million for the second quarter of 2017, a decrease of $0.2 million compared to the second quarter of 2016 and $1.8 million for the six months ended June 30, 2017, a decrease of $0.3 million compared to the same period of 2016. The decreases, as compared to the same periods in 2016, are due to our Services segment bringing a third-party contract in-house, eliminating the previously incurred monthly fees.

- Project initiatives were $0.5 million for the three months ended June 30, 2017, compared to $1.2 million for the same period in 2016. Project initiatives were $1.0 million for the six months ended June 30, 2017, compared to $2.1 million for the same period in 2016. The decrease was due to both timing and a reduction of projects in the first six months of 2017 compared to the same period in 2016.

Net finance expense (income)

Net finance expense was flat at $0.1 million and $0.2 million for the three and six months ended June 30, 2017, respectively compared to the same periods in 2016.

Share of profit in associate

For the three months ended June 30, 2017, ISC recorded its share of profit in associate (Dye & Durham) of $587 thousand compared to profit of $263 thousand in the same period of 2016. The results for the three months ended June 30, 2017 include the results for OnCorp Direct Inc., which was acquired by Dye & Durham on March 31, 2017. Our share of profit in associate for the six months ended June 30, 2017, was $410 thousand compared to profit of $250 thousand for the same period of 2016.

Net income and earnings per share

Net income for the three months ended June 30, 2017, was $4.7 million or $0.27 per basic and diluted share, compared to $6.6 million or $0.38 per basic and $0.37 per diluted share, for the same period in 2016. Net income and total comprehensive income for the six months ended June 30, 2017, was $7.2 million, or $0.41 per basic and $0.40 per diluted share, compared to $8.8 million, or $0.50 per basic and $0.49 per diluted share, for the same period in 2016.

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	**2017**	2016
Registries	**$ 3,962**	$ 5,397	**$ 6,875**	$ 9,328
Services	**69**	300	**468**	489
Corporate	**702**	881	**(184)**	(1,043)
Net income	**$ 4,733**	$ 6,578	**$ 7,159**	$ 8,774

Adjusted EBITDA

Adjusted EBITDA was $9.6 million, a 38.8 per cent margin, for the three months ended June 30, 2017, compared to $11.1 million, a 45.1 per cent margin, for the same period in 2016. For the first six months of 2017, adjusted EBITDA was $15.8 million, a 34.2 per cent margin, compared to $16.6 million, a 37.5 per cent margin, for the same period last year. The decrease in adjusted EBITDA for the second quarter and year-to-date is attributed to the combination of the moderately lower revenue generated in our Land Registry in the second quarter of 2017 compared to 2016, higher expenses related to the addition of ERS, the cancellation of the technology services contract with DXC and acquisition and integration costs in 2016, which form part of the adjustment.

7 Summary of Consolidated Quarterly Results

The following table sets out select quarterly results for the past eight quarters.

Our Registries segment experiences moderate seasonality, primarily because 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.

Our Services segment is sufficiently diversified with little seasonality to its revenue performance. However, some smaller categories of products or services can have some seasonal variation, slightly increasing during the second and fourth quarters.

The balance of our corporate activities and shared services functions, as well as the services and functions of ERS, reported as Corporate, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related activities or the addition of acquisitions.

As a result of the above, our EBITDA margin fluctuates in line with the above factors.

	2017		2016				2015	
(thousands of CAD dollars)	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Revenue	**$ 24,646**	$ 21,496	$ 21,201	$ 22,894	$ 24,674	$ 19,606	$ 22,579	$ 19,675
Expenses	**18,406**	17,583	18,248	16,854	16,468	16,359	16,219	12,830
Net income before items noted below	**6,240**	3,913	2,953	6,040	8,206	3,247	6,360	6,845
Net finance expense (income)	**105**	112	74	78	83	85	59	(28)
Share of (profit) loss in associate	**(587)**	(177)	925	479	263	(13)	52	10
Change in contingent consideration	**-**	-	-	(1,000)	-	-	-	-
Income before tax	**6,722**	3,624	3,804	5,441	8,386	3,149	6,353	6,883
Income tax expense	**1,989**	1,198	885	1,631	1,808	953	1,786	2,227
Net income	**$ 4,733**	$ 2,426	$ 2,919	$ 3,810	$ 6,578	$ 2,196	$ 4,567	$ 4,656
Other comprehensive income (loss)	**546**	(96)	-	-	-	-	-	-
Total comprehensive income	**$5,279**	$2,330	$ 2,919	$ 3,810	$ 6,578	$ 2,196	$ 4,567	$ 4,656
EBITDA margin (% of revenue)[1]	**35.8%**	26.8%	32.2%	32.1%	41.7%	25.9%	36.3%	41.5%
Adjusted EBITDA margin (% of revenue)[1]	**38.8%**	28.9%	34.6%	41.5%	45.1%	27.9%	38.2%	48.6%
Earnings per share, basic	**$ 0.27**	$ 0.14	$ 0.17	$ 0.22	$ 0.38	$ 0.13	$ 0.26	$ 0.27
Earnings per share, diluted	**$ 0.27**	$ 0.14	$ 0.17	$ 0.22	$ 0.37	$ 0.12	$ 0.26	$ 0.27

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures by other corporations. Refer to section "Non-IFRS Financial Measures".

8 Financial Measures and Key Performance Indicators

Revenue, expenses and net income are key performance indicators the Company uses to manage its business and evaluate its financial results and operating performance.

In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as for internal planning purposes. The Company evaluates its performance against these metrics by comparing actual results to management budgets, forecasts and prior period results. These non-IFRS financial measures include EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Refer to section

"Non-IFRS Financial Measures".

Consolidated earnings before interest, taxes, depreciation and amortization

(thousands of CAD dollars)	Three months Ended June 30, 2017	2016	Six months Ended June 30, 2017	2016
Net income	**$ 4,733**	$ 6,578	**$ 7,159**	$ 8,774
Depreciation and amortization	**1,997**	1,813	**4,029**	3,656
Net finance expense (income)	**105**	83	**217**	169
Income tax expense	**1,989**	1,808	**3,187**	2,760
EBITDA[1]	**8,824**	10,282	**14,592**	15,359
Adjustments				
Stock-based compensation expense	**142**	89	**217**	104
Stock option expense	**130**	84	**209**	171
Acquisition and integration costs	**457**	679	**756**	972
(Gain) loss on disposal of property, plant and equipment assets	**-**	-	**1**	(1)
Loss on disposal of intangibles assets	**-**	-	**-**	-
Adjusted EBITDA[1]	**$ 9,553**	$ 11,134	**$ 15,775**	$ 16,605
EBITDA margin (% of revenue)[1]	**35.8%**	41.7%	**31.6%**	34.7%
Adjusted EBITDA margin (% of revenue)[1]	**38.8%**	45.1%	**34.2%**	37.5%

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section "Non-IFRS Financial Measures".

Consolidated free cash flow

(thousands of CAD dollars)	Three Months Ended June 30, 2017	2016	Six Months Ended June 30, 2017	2016
Cash provided by operating activities	**$ 9,230**	$ 8,977	**$ 13,795**	$ 12,034
Cash additions to property, plant and equipment	**(79)**	(322)	**(94)**	(732)
Cash additions to intangible assets	**(180)**	(3,069)	**(201)**	(3,637)
Net change in non-cash working capital[1]	**(1,224)**	711	**(151)**	1,948
Consolidated free cash flow[2]	**$ 7,747**	$ 6,297	**$ 13,349**	$ 9,613

[1] Refer to Note 21 of the Financial Statements for reconciliation.

[2] Free cash flow is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures by other corporations. Refer to section "Non-IFRS Financial Measures".

Consolidated free cash flow for the three months ended June 30, 2017, was $7.7 million compared to $6.3 million for the same period of 2016 and $13.3 million for the six months ended June 30, 2017, compared to $9.6 million last year. The increase in 2017 is primarily due to the acquisition of intangible assets within our Services segment in the second quarter of 2016 and changes to net change in non-cash-working capital. For more details, see Note 21 in the Unaudited Condensed Consolidated Interim Financial Statements for the three and six months ended June 30, 2017.

9 Outlook

The following section includes forward-looking statements, including statements related to prices charged for services, the anticipated revenue outlook, changes in the economic conditions in Canada and, in particular, Saskatchewan, Ontario and Quebec, as well as internationally, timing of any economic recovery, real gross domestic product, value of building permits, employment and unemployment rates, impact of the Saskatchewan Provincial Budget, economic impact of energy and resource sectors, changes in transaction volumes, impact of pricing changes, changes in high-value property registrations, changes in housing re-sales, average land values, housing starts and motor vehicle sales volume, changes in population, changes in net migration, changes in retail sales, of active business entities, expected level and composition of capital expenditures, ability to fund capital expenditures from cash flow, planned re-investment in the business, integration of services and ability to realize synergies, consolidated EBITDA margin, continued focus and impact of cost management efforts, key drivers of expenses, anticipated modest growth of active business entities in Saskatchewan, impact of pricing adjustment to our Core Registry Services, anticipated growth of our Services segment, maintaining margins through cost efficiencies and expected activity in the global registry market. Refer to the section "Caution Regarding Forward-Looking Statements".

Currently, the majority of the Company's revenue is linked to registry transaction volumes and values driven by economic conditions in Saskatchewan. The overall economic conditions in Ontario and Quebec influence the remaining portion of our revenue. ERS' revenue is centered on the activity in the global registry market, which continues to be an emerging sector.

Based on recent positive economic data, the Bank of Canada raised its overnight lending rate for the first time in seven years on July 12, 2017[3]. The Bank cited a "robust" Canadian economy, which has helped strengthen its improved outlook. Interest rates changes often influence consumer behavior and, as such, they may affect ISC's business. We expect it will take time for this change to take effect, including its impact on other macro-economic indicators.

For our Registries segment, the Company expects to see temperate economic growth in Saskatchewan, which drives our registries' performance. The economy has shown some signs of improvement in 2017, as reflected by several external sources re-forecasting Saskatchewan's 2017 real Gross Domestic Product upward since our last reporting period. These factors are generally leading indicators and can take some time before they impact overall registry performance. Therefore, while we expect fluctuations within each individual registry, we anticipate results for the segment overall to be similar to 2016.

For our Services segment, we anticipate the Ontario and Quebec economies to deliver modest growth based on optimism in recent real Gross Domestic Product external forecasts. Overall, we expect moderate growth year-over-year in the Services segment due to organic growth, specifically for KYC services, which we anticipate in the second half of 2017. Margins overall continue to improve, although new customer engagements initially increase staffing and technology costs before realizing margin improvement in the long-term.

The key drivers of our consolidated expenses will continue to be wages, salaries and information technology costs, as well as the pursuit of new business opportunities. In 2017, the Company is also focused on the integration of ERS into both our business and sales activities. ERS continues to provide support for RegSys, the technology platform of the Saskatchewan Corporate Registry. For the remainder of 2017, we anticipate the pursuit of potential revenue opportunities in Ireland and globally.

Based on these factors, ISC continues to expect an EBITDA margin of between 31.0 per cent and 33.0 per cent in 2017. However, management expects capital expenditures to be lower in 2017, in the range of $3.5 to $5.0 million, as management focuses on integration and other operational activities. The 2017 capital expenditures are expected to continue to focus on the maintenance, enhancement and upgrade of core technology components and enterprise systems.

[3] Bank of Canada – Monetary Policy Report July 2017 and corresponding Press Release "Bank of Canada increases overnight rate target to 3/4 per cent", July 12, 2017.

10 Liquidity and Capital Resources

10.1 Cash flow

Our primary source of operating cash flow is generated from revenue related to the Registry and Services segments. Our primary uses of funds are operational expenses, capital expenditures and dividends.

Historically, ISC has financed its operations and met its capital and finance expenditure requirements through cash provided from operating activities. Most recently, the Company has also utilized borrowing to supplement cash generated from operations to finance acquisition activities. The Company believes that internally generated cash flow, supplemented by additional borrowing that may be available to us (refer to Note 15 of the Financial Statements for our existing Credit Facilities), will be sufficient to meet cash requirements, capital expenditures and anticipated dividend payments.

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at June 30, 2017, the Company held $31.6 million in cash, compared to $33.5 million as at December 31, 2016, a decrease of $1.9 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of $25.9 million (December 31, 2016 – $16.4 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

The following table summarizes our sources and uses of funds for the three and six months ended June 30, 2017, and 2016:

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Net cash flow provided by operating activities	**$ 9,230**	$ 8,977	**$ 13,795**	$ 12,034
Net cash flow (used in) investing activities	**(1,152)**	(3,545)	**(17,248)**	(5,450)
Net cash flow provided by (used in) financing activities	**(4,451)**	(4,038)	**1,516**	(7,995)
Increase (decrease) in cash	**3,636**	1,394	**(1,926)**	(1,411)
Cash, beginning of period	**27,971**	33,616	**33,533**	36,421
Cash, end of period	**$ 31,607**	$ 35,010	**$ 31,607**	$ 35,010

Net cash flow provided by operating activities

Net cash flow provided by operating activities for the three months ended June 30, 2017, was $9.2 million compared to $9.0 million for the same period in 2016 and for the six months ended June 30, 2017, was $13.8 million compared to $12.0 million for the same period in 2016. The increase in 2017 was mainly due to the acquisition of ERS, differences in income taxes and changes in working capital driven by the timing of sales contracts.

Net cash flow used in investing activities

Net cash flow used in investing activities for the three months ended June 30, 2017, was $1.2 million compared to $3.5 million for the three months ended June 30, 2016, and for the six months ended June 30, 2017, was $17.2 million compared to $5.5 million for the same period in 2016. The lower investing activities in the second quarter of 2017 included the acquisition of Alliance by ESC versus the larger acquisition of intangible assets in the second quarter of 2016. The increase year-to-date is due to the acquisitions of ERS, Alliance and additional investment in Dye & Durham.

Net cash flow provided by (used in) financing activities

Net cash flow used in financing activities for the three months ended June 30, 2017, was $4.5 million compared to $4.0 million for the three months ended June 30, 2016. For the six months ended June 30, 2017, net cash flow provided by financing activities was $1.5 million compared to $8.0 million used in financing activities for the same period in 2016. The change in the quarter compared to last year is due to a timing difference of loan payments in 2017 versus 2016. The year-to-date difference over 2016 was due to proceeds of $10.0 million being drawn from our Revolving Operating Facility to partially fund the ERS acquisition in 2017.

10.2 Capital expenditures

Capital expenditures for the three months ended June 30, 2017, were $0.1 million, compared to $3.4 million for the same period in 2016. For the six months ended June 30, 2017, capital expenditures were $0.2 million compared to $4.6 million for the same period in 2016. Capital expenditures in 2016 were mainly focused on our Corporate Registry modernization, which was completed in 2016. The lower capital expenditures to date in 2017 are due to management's focus on integration activities, affecting the expected timing of planned 2017 initiatives, some of which we still expect for later in the year.

	Three Months Ended June 30,		Six Months Ended June 30,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Registries	**$ -**	$ 699	**$ -**	$ 1,876
Services	**14**	2,638	**33**	2,638
Corporate	**91**	21	**186**	135
Total capital expenditures	**$ 105**	$ 3,358	**$ 219**	$ 4,649

10.3 Long-term debt

Long-term debt for the three months ended June 30, 2017, was $32.3 million compared to $23.4 million at December 31, 2016.

The Revolving Term Facility of $9.935 million consists of a three-year, committed revolving term loan facility that matures on September 28, 2018, unless renewed prior to that time. It is currently held in a six-month bankers' acceptance note bearing interest at 0.935 per cent that matures on September 19, 2017 (December 31, 2016 – bankers' acceptance note, due June 21, 2017, bearing interest at 1.1 per cent per annum).

The Operating Facility, which consists of a $10.0 million committed, revolving credit facility was drawn January 18, 2017, to fund, in part, the acquisition of ERS. The operating facility is repayable by ISC upon demand by the Lender and the Lender may terminate such operating facility at any time. At June 30, 2017, it was held in a six-month bankers' acceptance note bearing interest at 1.12 per cent that matured on July 21, 2017. Upon the maturity of the banker's acceptance note, the facility now bears an interest rate of prime plus applicable margin, which currently equates to 2.95 per cent plus 0.7 per cent for a rate of 3.65per cent per annum. The Non-Revolving Term Facility had $12.4 million outstanding as of June 30, 2017, and is repayable through quarterly payments of $375 thousand maturing on September 28, 2018. This facility bears an interest rate of prime plus applicable margin which, at June 30, 2017, equated to 2.7 per cent, plus 0.7 per cent, for a rate of 3.4 per cent per annum (December 31, 2016 – 2.7 per cent, plus 0.7 per cent, for a rate of 3.4 per cent per annum).

10.4 Total assets

Total assets increased to $141.1 million at June 30, 2017, compared to $131.3 million at December 31, 2016, primarily due to the acquisition of ERS and our additional investment in Dye & Durham.

(thousands of CAD dollars)	Registries	Services	Corporate	As at June 30, **2017**
Cash	$ 19,463	$1,859	$ 10,285	**$ 31,607**
Goodwill	-	13,587	10,107	**23,694**
Assets excluding cash and goodwill	36,511	18,231	31,073	**85,815**
Total assets	$ 55,974	$ 33,677	$ 51,465	**$ 141,116**

(thousands of CAD dollars)	Registries	Services	Corporate	As at December 31, 2016
Cash	$ 21,232	$ 1,685	$ 10,616	$ 33,533
Goodwill	-	13,141	-	13,141
Assets excluding cash and goodwill	39,996	18,642	26,009	84,647
Total assets	$ 61,228	$ 33,468	$ 36,625	$ 131,321

10.5 Working capital

As at June 30, 2017, working capital was $15.0 million, compared to $25.4 million at December 31, 2016. The change in working capital resulted primarily from a decrease in cash to fund the purchase of Alliance and part of the acquisition of ERS, as well as an increase in short-term debt used to fund the remainder of the purchase price of ERS.

(thousands of CAD dollars)	As at June 30, **2017**	As at December 31, 2016
Current assets	**$ 40,921**	$ 41,800
Current liabilities	**(25,946)**	(16,363)
Working capital	**$ 14,975**	$ 25,437

10.6 Outstanding share data

The number of basic issued and outstanding Class A Shares as at June 30, 2017, was 17.5 million and the number of fully diluted shares was 18.0 million. On May 8, 2017, the Board declared a quarterly cash dividend of $0.20 per Class A Share, which was paid on July 15, 2017, to shareholders of record as of June 30, 2017.

11 Share-Based Compensation Plan

11.1 Deferred share unit plan

The Company has established a Deferred Share Unit ("DSU") plan to provide directors and senior officers of ISC with the opportunity to acquire DSUs in order to allow them to participate in the long-term success of ISC and to promote a greater alignment of interests between our directors, senior officers and shareholders. Refer to Note 14 of the Financial Statements on the share-based compensation plan.

Share-based compensation, related to DSUs, for the three months ended June 30, 2017, totalled $142 thousand (2016 – $89 thousand) and for the six months ended June 30, 2017, totalled $217 thousand (2016 – $104 thousand). The total carrying amount of the liability arising from the DSUs as of June 30, 2017, totalled $941 thousand (December 31, 2016 – $800 thousand).

As at June 30, 2017, the DSU plan balance was 57,555.10 (December 31, 2016 – 42,212.05) with a fair value of $17.70 per DSU. The weighted average award price of the DSUs outstanding at June 30, 2017, was $17.36 (December 31, 2016 – $16.98).

11.2 Stock option plan

The Company established a stock option plan that was approved by shareholders in 2014 and subsequently reapproved by shareholders May 17, 2017. Refer to Note 14 of the Financial Statements on the share-based compensation plan.

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 June 30, 2017, totalled $130 thousand (2016 – $84 thousand) and for the six months ended June 30, 2017, totalled $209 thousand (2016 – $171 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as at June 30, 2017, totalled $808 thousand (December 31, 2016 – $599 thousand).

As at June 30, 2017, a total of 1,076,600 (December 31, 2016 – 759,259) stock options had been granted. The outstanding share options at the end of the period had a weighted average exercise price of $17.01 (December 31, 2016 – $15.41).

12 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at June 30, 2017.

13 Related Party Transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 15 in our December 31, 2016, Financial Statements which are available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com, for information pertaining to transactions with related parties.

14 Critical Accounting Estimates

ISC's critical accounting estimates are contained in the Financial Statements. Refer to Note 2 for the summary of use of estimates and judgments. The preparation of the 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.

15 Changes in Accounting Policies

Refer to Note 3 of the Financial Statements for information pertaining to changes in accounting policies effective in 2017 and for information on issued accounting pronouncements that will be effective in future years.

16 Financial Instruments and Financial Risks

Financial instruments held in the normal course of business included in our consolidated statement of financial position as at June 30, 2017, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, long-term debt and other long-term liabilities.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 18 of the Financial Statements for information pertaining to financial instruments and related risk management.

17 Business Risks and Risk Management

ISC faces certain risks which can impact its business and its financial and operational performance. For information on the risk management approach, business risks and risk management, refer to the Management's Discussion and Analysis and Annual Information Form for the year ended December 31, 2016, which are available on SEDAR at www.sedar.com.

18 Internal Controls over Financial Reporting

The Company's management, including the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal controls over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS.

No changes in our internal controls over financial reporting that have occurred during the period have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

It should be noted that all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The design scope of internal controls over financial reporting has been limited to exclude controls, policies and procedures of ERS, having been acquired less than 365 days prior to June 30, 2017.

19 Disclosure Controls and Procedures

The Company's management, including the President and Chief Executive Officer and the Vice President, Finance & Technology and Chief Financial Officer, is responsible for establishing and maintaining appropriate disclosure control and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management, including the President and Chief Executive Officer and the Vice-President, Financial & Technology and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosures.

The design scope of disclosure controls and procedures has been limited to exclude controls, policies and procedures of ERS, having been acquired less than 365 days prior to June 30, 2017.

The contribution of ERS to ISC's financial statements for the three months ended June 30, 2017, was approximately 3.0 per cent of revenue and 8.0 per cent of expenses and for the six months ended June 30, 2017, was approximately 2.0 per cent of revenue and 8.0 per cent of expenses. ERS contributed 3.0 per cent of current assets, 13.0 per cent of non-current assets, 1.0 per cent of current liabilities and 5.0 per cent of non-current liabilities.

20 Non-IFRS Financial Measures

20.1 Non-IFRS financial measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS, such as EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Rather, these measures are provided as additional information to complement those IFRS measures by providing further understanding of our results of operations from management's perspective, to provide investors with supplemental measures of our operating performance and, thus, highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures.

Management also uses non-IFRS measures to facilitate operating performance comparisons from period to period, prepare annual operating budgets and assess our ability to meet our future capital expenditure and working capital requirements.

Accordingly, these non-IFRS measures should not be considered in isolation or as a substitute for analysis of our financial information reported under IFRS. Such measures do not have any standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures presented by other corporations.

20.2 Non-IFRS financial measures definition

EBITDA is defined as earnings before interest, taxes, depreciation and amortization expense. Adjusted EBITDA adjusts EBITDA for stock-based compensation expense or income, stock option expense, transactional gains or losses on assets, asset impairment charges, and acquisition and integration costs. These measures, in addition to net income and income from operations, measure business performance and cash flow generation because it removes cash flow fluctuations caused by the above adjustments. Furthermore, we use adjusted EBITDA for business planning purposes and to evaluate and price potential acquisitions. In addition to its use by management, we also believe these measures are widely used by securities analysts, investors and others to evaluate the financial performance of our Company and for comparing our results with those of other companies. EBITDA margin and adjusted EBITDA margin are calculated as a percentage of overall revenue.

Free cash flow is used as a financial measure in our evaluation of liquidity and financial strength. Adjusting for the swings in non-cash working capital items due to seasonality or other timing issues and cash additions to property, plant and equipment and intangible assets, free cash flow assists in the long-term assessment of liquidity and financial strength. This measurement is useful as an indicator of our ability to service our debt, meet other payment obligations and make strategic investments. Free cash flow does not represent residual cash flow available for discretionary expenditures.