



August 6, 2019

2019 Unaudited Condensed Consolidated Interim Financial Statements

For the Three and Six Months Ended June 30, 2019

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Condensed Consolidated Statements of Financial Position

As At		June 30, 2019	December 31, 2018 (restated*)	January 1, 2018 (restated*)
(thousands of CAD dollars, unaudited)	Note			
Assets				
Current assets				
Cash		\$ 19,201	\$ 28,651	\$ 31,265
Short-term investments		423	448	301
Trade and other receivables	3	11,351	8,964	7,510
Contract assets	4	2,084	1,414	-
Income tax recoverable		790	5	-
Prepaid expenses		2,003	2,091	1,913
Total current assets		35,852	41,573	40,989
Non-current assets				
Property and equipment	6	3,460	3,795	4,504
Right-of-use assets	7	10,494	11,558	10,308
Intangible assets	8	43,397	40,704	47,022
Goodwill	9	45,620	44,310	44,473
Deferred tax asset	12	30,797	31,742	34,992
Total non-current assets		133,768	132,109	141,299
Total assets		\$ 169,620	\$ 173,682	\$ 182,288
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	10	\$ 15,414	\$ 17,118	\$ 16,522
Contract liabilities	11	2,456	2,599	1,407
Income tax payable	12	397	2,561	3,223
Lease obligations	13	1,795	1,778	1,859
Contingent consideration	24	2,868	2,322	-
Long-term debt	15	2,000	2,000	1,500
Total current liabilities		24,930	28,378	24,511
Non-current liabilities				
Lease obligations	13	9,538	10,457	9,081
Contingent consideration		-	-	15,723
Deferred tax liability	12	7,554	7,963	9,407
Long-term debt	15	17,000	18,000	20,060
Total non-current liabilities		34,092	36,420	54,271
Shareholders' equity				
Share capital	18	19,955	19,955	19,955
Equity settled employee benefit reserve	14	1,983	1,687	1,070
Accumulated other comprehensive income		137	514	390
Retained earnings		88,523	86,728	82,091
Total shareholders' equity		110,598	108,884	103,506
Total liabilities and shareholders' equity		\$ 169,620	\$ 173,682	\$ 182,288

*See Note 2

See Note 24 for Commitments and Contingencies

See accompanying Notes

Condensed Consolidated Statements of Comprehensive Income

(thousands of CAD dollars, unaudited)	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018 (restated*)	2019	2018 (restated*)
Revenue	20	\$ 34,244	\$ 31,058	\$ 62,851	\$ 57,930
Expenses					
Wages and salaries		9,924	9,258	19,521	18,558
Cost of goods sold		8,687	6,675	15,054	11,656
Depreciation and amortization	6, 7, 8	2,816	2,853	5,413	5,739
Information technology services		1,909	2,052	4,010	4,083
Occupancy costs		874	930	1,626	1,751
Professional and consulting services		977	1,239	2,031	2,342
Financial services		435	406	1,293	1,193
Other		686	814	1,198	1,452
Total expenses		26,308	24,227	50,146	46,774
Net income before items noted below		7,936	6,831	12,705	11,156
Finance income (expense)					
Interest income		62	92	148	182
Interest expense		(339)	(618)	(684)	(1,224)
Net finance (expense)		(277)	(526)	(536)	(1,042)
Change in contingent consideration	24	-	1,000	-	1,000
Income before tax		7,659	7,305	12,169	11,114
Income tax expense	12	(1,875)	(2,155)	(3,374)	(3,397)
Net income		\$ 5,784	\$ 5,150	\$ 8,795	\$ 7,717
Other comprehensive (loss) income					
Items that may be subsequently reclassified to net income					
Unrealized (loss) gain on translation of financial statements of foreign operations		(39)	(248)	(353)	113
Change in fair value of marketable securities, net of tax		(17)	(17)	(24)	(41)
Other comprehensive (loss) income for the period		(56)	(265)	(377)	72
Total comprehensive income		\$ 5,728	\$ 4,885	\$ 8,418	\$ 7,789
Earnings per share (\$ per share)					
Total, basic	17	\$ 0.33	\$ 0.29	\$ 0.50	\$ 0.44
Total, diluted	17	\$ 0.33	\$ 0.29	\$ 0.50	\$ 0.44

See accompanying Notes

*See Note 2

Condensed 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, 2018, as audited		\$ 82,556	\$ 19,955	\$ 390	\$ 1,070	\$ 103,971
Impact of IFRS 16		(465)	-	-	-	(465)
Restated balance at January 1, 2018		82,091	19,955	390	1,070	103,506
Restated net income for the period		7,717	-	-	-	7,717
Other comprehensive income		-	-	72	-	72
Stock option expense	14	-	-	-	273	273
Dividend declared		(7,000)	-	-	-	(7,000)
Restated balance at June 30, 2018		\$ 82,808	\$ 19,955	\$ 462	\$ 1,343	\$ 104,568
Balance at January 1, 2019		\$ 87,227	\$ 19,955	\$ 514	\$ 1,687	\$ 109,383
Impact of IFRS 16		(499)	-	-	-	(499)
Restated balance at January 1, 2019		86,728	19,955	514	1,687	108,884
Net income		8,795	-	-	-	8,795
Other comprehensive (loss)		-	-	(377)	-	(377)
Stock option expense	14	-	-	-	296	296
Dividend declared		(7,000)	-	-	-	(7,000)
Balance at June 30, 2019		\$ 88,523	\$ 19,955	\$ 137	\$ 1,983	\$ 110,598

See accompanying Notes

Condensed Consolidated Statements of Cash Flows

(thousands of CAD dollars, unaudited)	Note	Three Months Ended June 30,		Six Months Ended June 30,	
		2019	2018 (restated*)	2019	2018 (restated*)
Operating					
Net income		\$ 5,784	\$ 5,150	\$ 8,795	\$ 7,717
Add: Charges not affecting cash					
Depreciation	6, 7	852	734	1,626	1,529
Amortization	8	1,964	2,119	3,787	4,210
Foreign exchange loss (gain)		34	16	(35)	15
Deferred tax expense recognized in net income	12	390	434	554	1,101
Recovery of MARS** project expenses	8	-	-	-	19
Net finance expense		277	526	536	1,042
Stock option expense	14	132	155	296	273
Change in contingent consideration		-	(1,000)	-	(1,000)
Net change in non-cash working capital	23	(2,267)	1,976	(7,058)	(4,124)
Net cash flow provided by operating activities		7,166	10,110	8,501	10,782
Investing					
Interest received		62	92	148	182
Short-term investments		-	-	-	(250)
Additions to property and equipment		(154)	(51)	(238)	(133)
Additions to intangible assets		(694)	(536)	(1,471)	(852)
Acquisition through business combination	22	-	-	(6,768)	-
Net cash flow used in investing activities		(786)	(495)	(8,329)	(1,053)
Financing					
Interest paid		(212)	(282)	(355)	(465)
Interest paid on right-of-use assets		(123)	(102)	(251)	(209)
Principal payments on lease obligations		(440)	(465)	(876)	(930)
Repayment of long-term debt		(500)	(750)	(1,000)	(750)
Dividend paid		(3,500)	(3,500)	(7,000)	(7,000)
Net cash flow used in financing activities		(4,775)	(5,099)	(9,482)	(9,354)
Effects of exchange rate changes on cash held in foreign currencies		(48)	(34)	(140)	(8)
Increase (decrease) in cash		1,557	4,482	(9,450)	367
Cash, beginning of period		17,644	27,150	28,651	31,265
Cash, end of period		\$ 19,201	\$ 31,632	\$ 19,201	\$ 31,632

*See Note 2

**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 regional service centres across Saskatchewan and has offices in Regina, SK, Toronto, ON, Montreal, QC, Vernon, BC, and Dublin, Ireland. 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 most significantly 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.

The balance of our corporate activities and shared services functions are reported as Corporate and other.

As at June 30, 2019, 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, 2018, 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, 2018, as described in Note 3 of the December 31, 2018 consolidated financial statements, except for the impact of the adoption of new policies and the standards and interpretations as described below in the changes in accounting policy section. 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, 2018. 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 August 6, 2019.

Basis of measurement

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis using the historical cost basis 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 Information Services Corporation and its wholly owned significant operating subsidiaries: 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 interim consolidated 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 and equipment (Note 6);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 8) and goodwill (Note 9);
- the recoverability of deferred tax assets (Note 12); and
- the amount and timing of revenue from contracts from customers (Note 20) and the associated carrying value of assets recognized from the costs incurred to fulfil the contracts (Note 4).

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2019, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions.

Leases

On January 1, 2019, the Company adopted IFRS 16 — *Leases* (“IFRS 16”) using the full retrospective method and therefore the comparative information has been restated and reported under IFRS 16, with an impact to opening retained earnings. IFRS 16 supersedes previous accounting standards for leases, including IAS 17 — *Leases* (“IAS 17”).

IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. The Company, as a lessee, recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. There are recognition exemptions for short-term leases and leases of low-value items.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as a discount rate.

Lease payments included in the measurement of the lease liability are comprised of the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise and lease payments in an optional renewal period, if the Company is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under the residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

In situations where the lease liability is remeasured, the incremental amount of the remeasurement is also reflected as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, any remaining amount of the remeasurement is recognized in profit or loss.

Reconciliation of condensed consolidated interim statements of income for the three and six months ended June 30, 2018

Below is the effect of transition to IFRS 16 on our condensed consolidated interim statements of income for the three and six months ended June 30, 2018.

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

(thousands of CAD dollars, unaudited)	Three Months Ended June 30, 2018			Six Months Ended June 30, 2018		
	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
Revenue	\$ 31,058	\$ -	\$ 31,058	\$ 57,930	\$ -	\$ 57,930
Total expenses excluding depreciation and amortization	21,941	(567)	21,374	42,174	(1,139)	41,034
Depreciation and amortization	2,375	478	2,853	4,778	961	5,740
Total expenses	24,316	(89)	24,227	46,952	(178)	46,774
Net income before items noted below	6,742	89	6,831	10,978	178	11,156
Net finance (expense)	(424)	(102)	(526)	(833)	(209)	(1,042)
Change in contingent consideration	1,000	-	1,000	1,000	-	1,000
Income before tax	7,318	(13)	7,305	11,145	(31)	11,114
Income tax expense	(2,156)	1	(2,155)	(3,398)	1	(3,397)
Net income	\$ 5,162	\$ (12)	\$ 5,150	\$ 7,747	\$ (30)	\$ 7,717

Reconciliation of condensed consolidated statements of financial position as at January 1, 2018 and December 31, 2018

Below is the effect of transition to IFRS 16 on our condensed consolidated statements of financial position as at January 1, 2018 and December 31, 2018.

(thousands of CAD dollars, unaudited)	As at January 1, 2018			As at December 31, 2018		
	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
Assets						
Right-of-use assets	\$ -	\$ 10,308	\$ 10,308	\$ -	\$ 11,558	\$ 11,558
Deferred tax asset	34,837	155	34,992	31,580	162	31,742
Other current and non-current assets	136,988	-	136,988	130,382	-	130,382
Total assets	\$ 171,825	\$ 10,463	\$ 182,288	\$ 161,962	\$ 11,720	\$ 173,682
Liabilities						
Current portion of lease obligations	\$ -	\$ 1,859	\$ 1,859	\$ -	1,778	\$ 1,778
Lease obligations	-	9,081	9,081	-	10,457	10,457
Deferred tax liability	9,419	(12)	9,407	7,979	(16)	7,963
Other current and non-current liabilities	58,435	-	58,435	44,600	-	44,600
Total current and non-current liabilities	67,854	10,928	78,782	52,579	12,219	64,798
Shareholders' equity						
Share capital	19,955	-	19,955	19,955	-	19,955
Equity settled employee benefit reserve	1,070	-	1,070	1,687	-	1,687
Accumulated other comprehensive income	390	-	390	514	-	514
Retained earnings	82,556	(465)	82,091	87,227	(499)	86,728
Total shareholders' equity	103,971	(465)	103,506	109,383	(499)	108,884
Total liabilities and shareholders' equity	\$ 171,825	\$ 10,463	\$ 182,288	\$ 161,962	\$ 11,720	\$ 173,682

3 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	June 30, 2019	December 31, 2018
Trade receivables	\$ 10,164	\$ 7,884
GST/HST/VAT receivables	115	353
Other	1,072	727
Total trade and other receivables	\$ 11,351	\$ 8,964

4 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	June 30, 2019	December 31, 2018
Unbilled revenue	\$ 165	\$ 636
Contract fulfilment costs	1,919	778
Total contract assets	\$ 2,084	\$ 1,414

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 fulfilment costs are costs the Company incurs related to the fulfilment 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 in the consolidated statements 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 (2018 — nil).

There were no impairment losses recognized on any contract asset during the reporting period (2018 — nil).

5 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 product line revenue 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 second and fourth quarters. Our Technology Solutions segment does not experience seasonality but can fluctuate due to the timing of project related revenue. The balance of our corporate activities and shared services functions, reported under Corporate and other, 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.

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

6 Property and Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Assets Under Development	Total
Cost						
Balance at December 31, 2017	\$ 10,828	\$ 3,214	\$ 195	\$ 2,628	\$ 65	\$ 16,930
Additions	24	69	4	217	234	548
Disposals	(616)	(2)	(6)	(188)	-	(812)
Transfers	134	-	4	162	(300)	-
Foreign exchange adjustments	-	1	-	6	1	8
Balance at December 31, 2018	\$ 10,370	\$ 3,282	\$ 197	\$ 2,825	\$ -	\$ 16,674
Acquired assets	-	11	-	12	-	23
Additions	-	1	-	34	203	238
Disposals	-	(8)	-	(1)	-	(9)
Transfers	-	1	-	60	(61)	-
Foreign exchange adjustments	(2)	(2)	-	(10)	-	(14)
Balance at June 30, 2019	\$ 10,368	\$ 3,285	\$ 197	\$ 2,920	\$ 142	\$ 16,912
Accumulated depreciation						
Balance at December 31, 2017	\$ 7,298	\$ 2,739	\$ 136	\$ 2,253	\$ -	\$ 12,426
Depreciation	786	148	21	227	-	1,182
Disposals	(536)	(1)	(7)	(187)	-	(731)
Foreign exchange adjustments	-	-	-	2	-	2
Balance at December 31, 2018	\$ 7,548	\$ 2,886	\$ 150	\$ 2,295	\$ -	\$ 12,879
Depreciation	301	134	11	141	-	587
Disposals	-	(8)	-	(2)	-	(10)
Foreign exchange adjustments	-	-	-	(4)	-	(4)
Balance at June 30, 2019	\$ 7,849	\$ 3,012	\$ 161	\$ 2,430	\$ -	\$ 13,452
Carrying value						
At December 31, 2018	\$ 2,822	\$ 396	\$ 47	\$ 530	\$ -	\$ 3,795
At June 30, 2019	\$ 2,519	\$ 273	\$ 36	\$ 490	\$ 142	\$ 3,460

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

7 Right-of-use Assets

(thousands of CAD dollars)		Property & Equipment ¹
Cost		
Balance at January 1, 2018	\$	14,820
Additions		3,124
Disposals		(276)
Foreign exchange adjustments		40
Balance at December 31, 2018	\$	17,708
Additions		17
Disposals		(21)
Foreign exchange adjustments		(54)
Balance at June 30, 2019	\$	17,650
Accumulated depreciation		
Balance at January 1, 2018	\$	4,512
Depreciation		1,908
Disposals		(276)
Foreign exchange adjustments		6
Balance at December 31, 2018	\$	6,150
Depreciation		1,039
Disposals		(21)
Foreign exchange adjustments		(12)
Balance at June 30, 2019	\$	7,156
Carrying value		
At December 31, 2018	\$	11,558
At June 30, 2019	\$	10,494

¹ The Company's right-of-use assets consist primarily of property leases associated with the lease of office space. Equipment leases include one lease with a carrying value less than \$25 thousand (2018 – \$1 thousand).

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

8 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 Relationships	Assets Under Development	Total
Cost								
Balance at December 31, 2017	\$ 25,793	\$ 77,346	\$ 2,113	\$ 1,867	\$ 2,257	\$ 27,312	\$ 1,880	\$ 138,568
Additions	325	-	-	-	-	-	1,902	2,227
Disposals	(283)	(209)	-	-	-	-	-	(492)
Transfers	-	-	-	2,317	-	-	(2,317)	-
Foreign exchange adjustments	-	-	77	59	22	27	7	192
Balance at December 31, 2018	\$ 25,835	\$ 77,137	\$ 2,190	\$ 4,243	\$ 2,279	\$ 27,339	\$ 1,472	\$ 140,495
Acquired assets	4,051	-	-	-	176	1,001	-	5,228
Additions	310	-	-	-	-	-	1,161	1,471
Disposals	-	-	-	-	-	-	-	-
Transfers	102	-	-	751	-	-	(853)	-
Foreign exchange adjustments	-	-	(105)	(67)	(30)	(37)	(40)	(279)
Balance at June 30, 2019	\$ 30,298	\$ 77,137	\$ 2,085	\$ 4,927	\$ 2,425	\$ 28,303	\$ 1,740	\$ 146,915
Accumulated Depreciation								
Balance at December 31, 2017	\$ 10,368	\$ 76,241	\$ 288	\$ 1,598	\$ 554	\$ 2,497	\$ -	\$ 91,546
Amortization	4,131	476	319	455	631	2,673	-	8,685
Disposals	(283)	(209)	-	-	-	-	-	(492)
Recovery of MARS* expenses	-	-	-	19	-	-	-	19
Foreign exchange adjustments	-	-	17	2	9	5	-	33
Balance at December 31, 2018	\$ 14,216	\$ 76,508	\$ 624	\$ 2,074	\$ 1,194	\$ 5,175	\$ -	\$ 99,791
Amortization	1,646	162	157	321	137	1,364	-	3,787
Disposals	-	-	-	-	-	-	-	-
Foreign exchange adjustments	-	-	(32)	(5)	(15)	(8)	-	(60)
Balance at June 30, 2019	\$ 15,862	\$ 76,670	\$ 749	\$ 2,390	\$ 1,316	\$ 6,531	\$ -	\$ 103,518
Carrying Value								
At December 31, 2018	\$ 11,619	\$ 629	\$ 1,566	\$ 2,169	\$ 1,085	\$ 22,164	\$ 1,472	\$ 40,704
At June 30, 2019	\$ 14,436	\$ 467	\$ 1,336	\$ 2,537	\$ 1,109	\$ 21,772	\$ 1,740	\$ 43,397

*Mineral Administration Registry Saskatchewan

9 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	June 30, 2019	December 31, 2018
Balance, beginning of the period	\$ 44,310	\$ 44,473
Additions (Note 22)	1,517	-
Purchase price adjustment relating to prior year acquisition	-	(315)
Foreign exchange adjustment	(207)	152
Balance, end of period	\$ 45,620	\$ 44,310

10 Accounts Payable and Accrued Liabilities

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

(thousands of CAD dollars)	June 30, 2019	December 31, 2018
Trade payables	\$ 910	\$ 1,349
Accrued liabilities	7,222	8,506
Customer deposits	3,782	3,763
Dividend payable	3,500	3,500
Total accounts payable and accrued liabilities	\$ 15,414	\$ 17,118

11 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)	June 30, 2019	December 31, 2018
Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i)	\$ 704	\$ 322
Amounts received in advance of Technology Solutions support and delivery contracts (ii)	1,752	2,277
Total contract liabilities	\$ 2,456	\$ 2,599

- (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 the beginning of the period:

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Registry Operations transaction, maintenance and support contracts	\$ 65	\$ 29	\$ 297	\$ 225
Technology Solutions support and delivery contracts	551	113	907	253
Total revenue recognized that was included in the balance at the beginning of the period	\$ 616	\$ 142	\$ 1,204	\$ 478

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 the Company recognizes revenue at the amount to which it has the right to invoice for services performed.

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12 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 27.0 per cent (2018 — 27.0 per cent).

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018 (restated*)	2019	2018 (restated*)
Current tax expense	\$ 1,485	\$ 1,721	\$ 2,820	\$ 2,296
Deferred tax expense	390	434	554	1,101
Income tax expense	\$ 1,875	\$ 2,155	\$ 3,374	\$ 3,397

*See Note 2

No deferred tax has been recognized in respect of \$0.9 million of tax losses related to ERS. The tax asset will be recognized as sufficient future taxable profits are earned. These losses do not expire.

13 Lease Obligations

(thousands of CAD dollars)	Property and equipment ¹
Balance at January 1, 2018	\$ 10,940
Additions	-
Interest expense for the period	399
Effect of modification to lease terms	3,124
Lease payments	(2,262)
Foreign exchange adjustments	34
Balance at December 31, 2018	\$ 12,235
Additions	24
Interest expense for the period ²	251
Effect of modification to lease term	(10)
Lease payments ²	(1,127)
Foreign exchange adjustments	(40)
Balance at June 30, 2019	\$ 11,333

¹The Company's lease obligations consist primarily of property leases associated with the lease of office space. Equipment leases include one lease with a carrying value of less than \$25 thousand (2018 – \$1 thousand).

²Lease payments net of interest expense represents the principal portion of lease payments reflected on the condensed consolidated interim statements of cash flows.

Expenses for short-term leases and leases of low-dollar value items are not material. There are no variable lease payments which are not included in the measurement of lease obligations. All extension options have been included in the measurement of lease obligations.

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The following table presents the contractual undiscounted cash flows for lease obligations as at June 30, 2019:

(thousands of CAD dollars)	Total undiscounted lease obligations
2019	\$ 1,129
2020	2,233
2021	2,294
2022	1,758
2023	1,625
Thereafter	4,391
Total commitments	\$ 13,430

14 Share-Based Compensation Plans

Performance share unit (“PSU”) and share appreciation right (“SAR”) plan

On May 15, 2019, the Company established a new long-term incentive program utilizing PSUs and SARs to support alignment of long-term incentives with the achievement of the Company’s strategic plan.

Under the plan, the Board may award PSUs and SARs at its discretion in accordance with the established terms of the plan. PSU awards vest at the end of the specified vesting period if the performance conditions in the grant agreement are met. SAR awards vest and become exercisable at a rate of 25 per cent on each anniversary of the grant date beginning with the first anniversary, unless an alternate vesting schedule is specified by the Board at the time of the award.

PSUs earn dividend equivalent units in the form of additional PSUs at the same rate as dividends on Class A Shares. The cash redemption value of the PSUs is equivalent to the market value of the Class A Shares when redemption takes place multiplied by a multiplier based on the grant agreement and the performance against the performance conditions as specified. The maximum PSU payout multiplier is 150 per cent.

The participant is able to exercise the SARs as they vest. The cash redemption value of the SARs is equivalent to the excess of the market value of the Class A Shares at the exercise date over the SAR price in the grant agreement.

On the settlement date, the Company delivers to each participant a cash payment equal to the redemption value of the PSUs or SARs. As of June 30, 2019, no SARs or PSUs have been awarded.

Deferred share unit (“DSU”) plan

A summary of the status of the DSU plan and the changes within the six months ended June 30, 2019, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2018	72,114.15	\$ 17.44
DSUs granted during the period	-	-
DSUs credited as a result of cash dividends paid	1,719.00	16.28
Balance at June 30, 2019	73,833.15	\$ 17.41

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

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Share-based compensation expense for the three months ended June 30, 2019, totalled \$3 thousand (2018 — \$129 thousand) and for the six months ended June 30, 2019, totalled \$102 thousand (2018 — \$93 thousand). The total carrying amount of the liability arising from the DSU units as of June 30, 2019, totalled \$1.2 million (December 31, 2018 — \$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 DSU units at June 30, 2019, 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 six months ended June 30, 2019, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2018	1,548,247	\$ 17.27
Stock options granted during the period	-	-
Balance at June 30, 2019	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, 2018 — \$17.27). The number of options exercisable at the end of the period was 785,101 (December 31, 2018 — 587,851) and had a weighted average exercise price of \$16.94 (December 31, 2018 — \$16.50) based on a range of exercise prices from \$15.04 to \$18.85 (December 31, 2018 — \$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, which 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 June 30, 2019, totalled \$132 thousand (2018 — \$155 thousand) and for the six months ended June 30, 2019, totalled \$296 thousand (2018 — \$273 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of June 30, 2019, totalled \$2.0 million (December 31, 2018 — \$1.7 million).

15 Debt

At June 30, 2019, the Company had nil cash drawings on its operating facility (2018 — nil). At June 30, 2019, non-cash drawings, consisting of letters of credit and similar, were approximately \$0.2 million (2018 — \$0.2 million). Term debt is as follows:

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For the three months and six months ended June 30, 2019

(thousands of CAD dollars)	June 30, 2019	December 31, 2018
Term loan facility		
Current portion	\$ 2,000	\$ 2,000
Long-term portion	17,000	18,000
Total long-term debt	\$ 19,000	\$ 20,000

The Credit Facilities contain financial covenants, positive covenants, negative covenants, events of default, representations and warranties customary for credit facilities of this nature. The Company was in compliance with all covenants throughout the period.

The amount of borrowing costs capitalized during 2019 and 2018 was nil.

16 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 June 30,		Six Months ended June 30,	
	2019	2018 (restated*)	2019	2018 (restated*)
Financing activities				
Interest paid (a)	\$ (212)	\$ (282)	\$ (355)	\$ (465)
Interest paid on right-of-use-asset (a)	(123)	(102)	(251)	(209)
Payments on lease obligations (b)	(440)	(465)	(876)	(930)
Repayment of long-term debt (c)	(500)	(750)	(1,000)	(750)
Dividends paid (d)	(3,500)	(3,500)	(7,000)	(7,000)
Net cash flow used in financing activities	\$ (4,775)	\$ (5,099)	\$ (9,482)	\$ (9,354)

	As at December 31, 2018 (restated*)	Cash Flows		Non-cash Changes	As at June 30, 2019
				Dividends Declared	Other
Interest payable	\$ -	\$ (606)	(a)	\$ -	\$ 606
Lease obligations including current portion	12,235	(876)	(b)	-	(26)
Long-term debt including current portion	20,000	(1,000)	(c)	-	-
Dividends payable	3,500	(7,000)	(d)	7,000	-
	\$ 35,735	\$ (9,482)		\$ 7,000	\$ 580
					\$ 33,833

	As at December 31, 2017	Cash Flows		Non-cash Changes	As at June 30, 2018 (restated*)
				Dividends Declared	Other
Interest payable	\$ -	\$ (674)	(a)	\$ -	\$ 674
Lease obligations including current portion	-	(930)	(b)	-	10,959
Long-term debt including current portion	21,560	(750)	(c)	-	-
Dividends payable	3,500	(7,000)	(d)	7,000	-
	\$ 25,060	\$ (9,354)		\$ 7,000	\$ 11,633
					\$ 34,339

*See Note 2

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

17 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 June 30		Six Months Ended June 30,	
	2019	2018 (restated*)	2019	2018 (restated*)
Net income	\$ 5,784	\$ 5,150	\$ 8,795	\$ 7,717
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	35,256	62,429	34,247	62,429
Weighted average number of shares, diluted	17,535,256	17,562,429	17,534,247	17,562,429
Earnings per share (\$ per share)				
Total, basic	\$ 0.33	\$ 0.29	\$ 0.50	\$ 0.44
Total, diluted	\$ 0.33	\$ 0.29	\$ 0.50	\$ 0.44

*See Note 2

18 Equity and Capital Management

(thousands of CAD dollars, except number of shares)	Class A		Class B	
	Number of Shares	Share Capital	Number of Shares	Share Capital
Balance at January 1, 2018	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at December 31, 2018	17,500,000	\$ 19,955	1	\$ -
Balance at January 1, 2019	17,500,000	\$ 19,955	1	\$ -
No movement	-	-	-	-
Balance at June 30, 2019	17,500,000	\$ 19,955	1	\$ -

Capital management

The Company's capital at June 30, 2019, 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)	June 30, 2019	December 31, 2018 (restated*)
Long-term debt	\$ 19,000	\$ 20,000
Share capital	19,955	19,955
Accumulated other comprehensive income	137	514
Equity settled employee benefit reserve	1,983	1,687
Retained earnings	88,523	86,728
Capitalization	\$ 129,598	\$ 128,884

*See Note 2

19 Financial Instruments and Related Risk Management

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

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Market risk

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

(thousands of CAD dollars)	Classification	Level	June 30, 2019		December 31, 2018	
			Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Cash	AC	L2	\$ 19,201	\$ 19,201	\$ 28,651	\$ 28,651
Short-term investments						
GICs	AC	L2	400	400	400	400
Marketable securities	FVTOCI	L1	23	23	48	48
Trade and other receivables	AC	L2	11,351	11,351	8,964	8,964
Financial liabilities						
Accounts payable and accrued liabilities	AC	L2	15,414	15,414	17,118	17,118
Long-term debt	AC	L2	19,000	19,000	20,000	20,000

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. Long-term debt is managed with prime loans, short-term bankers' acceptance, letter of credit or letter of guarantee. These borrowings will bear interest at a base rate of prime plus applicable margin varying between 0.45 per cent and 2.25 per cent per annum. The Company is not exposed to significant interest rate risk because interest bearing financial instruments are at a low level relative to total assets and equity.

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.

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20 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 21). The following table presents our revenue disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

(thousands of CAD dollars)	Three Months Ended June 30		Six Months Ended June 30,	
	2019	2018	2019	2018
Registry Operations				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 13,208	\$ 13,475	\$ 24,516	\$ 25,310
Personal Property Registry	2,778	2,712	5,049	5,083
Corporate Registry	2,512	2,515	5,203	5,219
Services	13,756	11,474	24,728	20,346
Technology Solutions	1,988	880	3,349	1,966
Corporate and other	2	2	6	6
Total revenue	\$ 34,244	\$ 31,058	\$ 62,851	\$ 57,930

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

Timing of revenue recognition

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
At a point in time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	\$ 12,702	\$ 13,003	\$ 23,517	\$ 24,338
Personal Property Registry	2,778	2,712	5,049	5,083
Corporate Registry	2,300	2,307	4,779	4,803
Services revenue	13,756	11,474	24,728	20,346
Technology Solutions revenue	-	118	-	287
Corporate and other	2	2	6	6
	\$ 31,538	\$ 29,616	\$ 58,079	\$ 54,863
Over time				
Registry Operations revenue				
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	506	472	999	972
Corporate Registry	212	208	424	416
Technology Solutions revenue	1,988	762	3,349	1,679
	\$ 2,706	\$ 1,442	\$ 4,772	\$ 3,067
Total revenue	\$ 34,244	\$ 31,058	\$ 62,851	\$ 57,930

21 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 earnings before interest and taxes ("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 non-incidental gains or losses on disposition of non-current assets, net finance expense, and income tax expense.

ISC has three reportable segments – Registry Operations, Services, and Technology Solutions. A functional summary of these three segments follows:

- Registry Operations delivers registry services on behalf of governments and private sector organizations.

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- 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 associate not included in operating segments, and eliminations of inter-segment revenue and costs. The Registry Operations and Services segments operate substantially in Canada. The Technology Solutions segment operates both in Canada and Ireland.

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 June 30, 2019

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	\$ 18,498	\$ 13,756	\$ 1,988	\$ 2	\$ 34,244
Plus: inter-segment revenue	-	40	2,957	(2,997)	-
Total revenue	\$ 18,498	\$ 13,796	\$ 4,945	\$ (2,995)	\$ 34,244
Expenses excluding depreciation and amortization	(8,529)	(11,816)	(5,088)	1,941	(23,492)
EBITDA	9,969	1,980	(143)	(1,054)	10,752
Depreciation and amortization	(503)	(1,374)	(431)	(508)	(2,816)
EBIT	\$ 9,466	\$ 606	\$ (574)	\$ (1,562)	\$ 7,936
Net finance (expense)					(277)
Income tax expense					(1,875)
Net income					\$ 5,784
Additions to non-current assets, including acquisitions	\$ 160	\$ 201	\$ 211	\$ 276	\$ 848

For the three months ended June 30, 2018 (restated*)

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	\$ 18,702	\$ 11,474	\$ 880	\$ 2	\$ 31,058
Plus: inter-segment revenue	-	-	3,673	(3,673)	-
Total revenue	\$ 18,702	\$ 11,474	\$ 4,553	\$ (3,671)	\$ 31,058
Expenses excluding depreciation and amortization	(9,457)	(9,274)	(5,283)	2,640	(21,374)
Change in contingent consideration	-	1,000	-	-	1,000
EBITDA	9,245	3,200	(730)	(1,031)	10,684
Depreciation and amortization	(515)	(1,577)	(319)	(442)	(2,853)
EBIT	\$ 8,730	\$ 1,623	\$ (1,049)	\$ (1,473)	7,831
Net finance (expense)					(526)
Income tax expense					(2,155)
Net income					\$ 5,150
Additions to non-current assets, including acquisitions	\$ 42	\$ 173	\$ 340	\$ 28	\$ 583

* See Note 2

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

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For the six months ended June 30, 2019

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	\$ 34,768	\$ 24,728	\$ 3,349	\$ 6	\$ 62,851
Plus: inter-segment revenue	-	96	6,474	(6,570)	-
Total revenue	\$ 34,768	\$ 24,824	\$ 9,823	\$ (6,564)	\$ 62,851
Expenses excluding depreciation and amortization	(18,024)	(21,367)	(9,583)	4,241	(44,733)
EBITDA	16,744	3,457	240	(2,323)	18,118
Depreciation and amortization	(1,016)	(2,610)	(847)	(940)	(5,413)
EBIT	\$ 15,728	\$ 847	\$ (607)	\$ (3,263)	\$ 12,705
Net finance (expense)					(536)
Income tax expense					(3,374)
Net income					\$ 8,795
Additions to non-current assets, including acquisitions	\$ 268	\$ 7,126	\$ 497	\$ 586	\$ 8,477

For the six months ended June 30, 2018 (restated*)

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Revenue from third parties	\$ 35,612	\$ 20,346	\$ 1,966	\$ 6	\$ 57,930
Plus: inter-segment revenue	-	-	7,474	(7,474)	-
Total revenue	\$ 35,612	\$ 20,346	\$ 9,440	\$ (7,468)	\$ 57,930
Expenses excluding depreciation and amortization	(19,555)	(17,014)	(9,417)	4,951	(41,035)
Change in contingent consideration	-	1,000	-	-	1,000
EBITDA	16,057	4,332	23	(2,517)	17,895
Depreciation and amortization	(1,078)	(3,145)	(593)	(923)	(5,739)
EBIT	\$ 14,979	\$ 1,187	\$ (570)	\$ (3,440)	\$ 12,156
Net finance (expense)					(1,042)
Income tax expense					(3,397)
Net income					\$ 7,717
Additions to non-current assets, including acquisitions	\$ 101	\$ 192	\$ 655	\$ 37	\$ 985

*See Note 2

Inter-segment revenue is 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 June 30, 2019, third party revenue within Ireland was \$1.3 million (2018 — \$0.7 million) and the remainder was in Canada. For the six months ended June 30, 2019, third party revenue within Ireland was \$2.4 million (2018 — \$1.5 million). No single customer represented more than 10.0 per cent of the total consolidated revenue.

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Assets and liabilities

As at June 30, 2019 (thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	\$ 28,331	\$ 10,936	\$ 4,165	\$ 17,970	\$ 61,402
Intangibles	3,535	33,918	5,095	849	43,397
Goodwill	5,800	35,715	4,105	-	45,620
Cash	-	-	-	19,201	19,201
Total assets	\$ 37,666	\$ 80,569	\$ 13,365	\$ 38,020	\$ 169,620
Liabilities	\$ 9,443	\$ 10,856	\$ 6,718	\$ 32,005	\$ 59,022

As at December 31, 2018 (thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and other	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	\$ 29,258	\$ 8,269	\$ 3,999	\$ 18,491	\$ 60,017
Intangibles	4,054	30,815	5,418	417	40,704
Goodwill	5,800	34,198	4,312	-	44,310
Cash	-	-	-	28,651	28,651
Total assets	\$ 39,112	\$ 73,282	\$ 13,729	\$ 47,559	\$ 173,682
Liabilities	\$ 9,412	\$ 11,355	\$ 8,254	\$ 35,777	\$ 64,798

Non-current assets are held in Canada and Ireland. At June 30, 2019, non-current assets held in Ireland were \$9.5 million (December 31, 2018 — \$10.0 million) while the remainder were held in Canada.

22 Acquisitions

On February 15, 2019, the Company through its wholly owned subsidiary, ESC, acquired substantially all of the assets of Securefact Transaction Services, Inc. ("Securefact"), for \$6.8 million by way of an asset purchase agreement. Securefact is located in Toronto, ON and is engaged in the business of providing public record search and registration services. This acquisition broadens the Company's portfolio of know-your-customer technology solutions and services.

This 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)	2019
Consideration paid in cash	\$ 6,768
Less: cash balance acquired	-
Total net cash outflow related to the acquisition	\$ 6,768

ISC® Notes to the Unaudited Condensed Consolidated Interim Financial Statements

For the three months and six months ended June 30, 2019

The table below presents the preliminary allocation of the net purchase price for accounting purposes.

(thousands of CAD dollars)	Preliminary
Assets	
Property and equipment	\$ 23
Intangible assets	5,228
Net assets acquired	\$ 5,251
Goodwill arising on acquisition	
Total consideration allocated	6,768
Net assets acquired	5,251
Total goodwill arising on acquisition	\$ 1,517

The goodwill of \$1.5 million arising on the acquisition included amounts in relation to the benefit of an increased market presence and competencies, related market growth, and the assembled workforce of Securefact. All of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of technology of \$4.1 million, customer contracts of \$1.0 million and brand of \$0.2 million.

Professional fees associated with the cost of the acquisition expensed during the three months and six months ended June 30, 2019, were \$0.2 million.

The revenue and net loss of the acquiree since the acquisition date included in the condensed consolidated statement of comprehensive income for 2019, were \$0.7 million and \$(0.2) million respectively.

The consolidated revenue and comprehensive income for the Company and the acquiree combined for 2019, as though the acquisition date for the business combination occurred during the year had been as of January 1, 2019, would have been \$63.1 million, unaudited and \$8.2 million, unaudited, respectively.

23 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

(thousands of CAD dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Trade and other receivables	\$ (1,417)	\$ (537)	\$ (2,360)	\$ (1,283)
Prepaid expenses	142	164	85	127
Contract assets	(256)	(491)	(739)	(1,209)
Accounts payable and accrued liabilities	(950)	711	(1,699)	(821)
Contract liabilities	29	720	(54)	597
Contingent liability	329	338	659	626
Income taxes	(144)	1,071	(2,950)	(2,161)
Net change in non-cash working capital	\$ (2,267)	\$ 1,976	\$ (7,058)	\$ (4,124)

Income taxes paid, net of refunds received, for the three months ended June 30, 2019, totalled \$1.7 million (2018 — \$0.7 million) and for the six months ended June 30, 2019, totalled \$5.8 million (2018 — \$4.5 million).

24 Commitments and Contingencies

Commitments

As of June 30, 2019, 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 as previously disclosed at December 31, 2018	Remove portion related to IFRS 16	Remove non-lease component portion recognized in YTD Q2 2019	Non-lease component of office leases	IT and other service agreements	Master Service Agreement	Total
2019	\$ 3,440	\$ (2,262)	\$ (589)	\$ 589	\$ 2,518	\$ -	\$ 3,107
2020	3,412	(2,240)	-	1,172	3,161	500	4,833
2021	3,471	(2,300)	-	1,171	2,669	500	4,340
2022	2,725	(1,770)	-	955	2,610	500	4,065
2023	2,509	(1,619)	-	890	2,562	500	3,952
Thereafter	6,287	(4,298)	-	1,989	-	5,000	6,989
Total commitments	\$ 21,844	\$ (14,489)	\$ (589)	\$ 6,766	\$ 13,520	\$ 7,000	\$ 27,286

Contingent consideration

As part of the AVS acquisition completed in 2017, the Company agreed to pay additional consideration contingent upon the realization of future business. At June 30, 2018, the fair value of the contingent consideration was adjusted down by \$1.0 million, resulting in an increase to income before tax of \$1.0 million on the consolidated interim statement of comprehensive income for the period ended June 30, 2018.

As part of the ERS acquisition completed in 2017, the Company agreed to pay up to €5.0 million in consideration contingent upon the retention of existing leadership and the award and realization of future business over a 30-month period. For accounting purposes, the retention portion of the contingent consideration is classified as post acquisition remuneration.

A continuity of contingent consideration related to the ERS acquisition is presented below:

(thousands of CAD dollars)		
Balance at December 31, 2018	\$	2,322
Remuneration expense through wages and salaries		659
Accretion recognized in interest expense		7
Foreign exchange adjustment		(120)
Balance at June 30, 2019	\$	2,868
Current portion	\$	2,868
Long-term portion		-
	\$	2,868

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
ERS – retention	\$ 2,868	\$ 2,978	\$ 2,978	\$ -
ERS – future business realization ¹	-	-	-	-
Total contingent consideration	\$ 2,868	\$ 2,978	\$ 2,978	\$ -

¹ Under the ERS acquisition, the upper limit of this contingent payment is €3.0 million. As of June 30, 2019, the Company’s estimated future payment is \$ nil.

On July 30, 2019 the Company settled the contingent consideration for \$2.9 million.

Other 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 June 30, 2019, the liability was nil (December 31, 2018 — nil).

Through the normal course of operations, the Company occasionally enters into indemnity agreements with surety companies to provide surety bonds or guaranties required under contracts with customers. In the event that the Company fails to perform under the contracts and the surety company incurs a cost on the surety bond or guarantee, the Company is obligated to repay the costs incurred in relation to the claim up to the value of the bond or guarantee. The Company's obligation under the bonds or guarantees issued by the surety company expires on completion of obligations under the customer contract to which the bond or guarantee relates. The terms of the current outstanding surety bonds and guarantees range from February 2018 to June 2021.

At June 30, 2019, the outstanding surety bonds and guarantees totalled \$2.1 million (December 31, 2018 — \$1.7 million). The Company has not recorded any liability related to these instruments, as management believes that no material events of default exist under the contracts with its customers.

25 Reclassifications

Certain prior year figures have been reclassified to conform with the current year presentation.

26 Subsequent Events

On August 6, 2019, the Board declared a quarterly cash dividend of \$0.20 per Class A Share, payable on or before October 15, 2019, to shareholders of record as of September 30, 2019.