May 3, 2018

2018 Unaudited Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018

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Consolidated Statements of Financial Position

As At

(thousands of CAD dollars, unaudited)	Note	**March 31, 2018**	December 31, 2017
Assets			
Current assets			
Cash	4	**$ 27,150**	$ 31,265
Short-term investments	5	**537**	301
Trade and other receivables	6	**8,206**	7,510
Contract assets	7	**718**	-
Income tax recoverable		**220**	-
Prepaid expenses		**1,951**	1,913
Total current assets		**38,782**	40,989
Non-current assets			
Property, plant and equipment	9	**4,279**	4,504
Intangible assets	10	**45,440**	47,022
Goodwill	11	**44,694**	44,473
Deferred tax asset	14	**33,765**	34,837
Total assets		**$ 166,960**	$ 171,825
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13	**$ 10,948**	$ 12,426
Long-term debt – current portion	17	**1,500**	1,500
Income tax payable	14	**211**	3,223
Contract liabilities	15	**5,328**	5,503
Total current liabilities		**17,987**	22,652
Non-current liabilities			
Other long-term liability	18, 24	**16,369**	15,723
Deferred tax liability	14	**9,033**	9,419
Long-term debt	17	**20,060**	20,060
Total non-current liabilities		**45,462**	45,202
Shareholders' equity			
Share capital	20	**19,955**	19,955
Equity settled employee benefit reserve	16	**1,188**	1,070
Accumulated other comprehensive income		**727**	390
Retained earnings		**81,641**	82,556
Total shareholders' equity		**103,511**	103,971
Total liabilities and shareholders' equity		**$ 166,960**	$ 171,825

See Note 26 for Commitments and Contingencies

See accompanying Notes

Consolidated Statements of Comprehensive Income

(thousands of CAD dollars, unaudited)	Note	Three Months Ended March 31, 2018	2017
Revenue	22	**$ 26,872**	$ 21,496
Expenses			
Wages and salaries		**9,296**	8,311
Cost of goods sold		**4,981**	915
Depreciation and amortization	9, 10	**2,403**	2,032
Information technology services		**1,883**	2,388
Occupancy costs		**1,391**	1,308
Professional and consulting services		**938**	1,080
Financial services		**787**	676
Project initiatives		**333**	418
Other		**624**	455
Total expenses		**22,636**	17,583
Net income before items noted below		**4,236**	3,913
Finance (expense) income			
Interest income	4	**90**	52
Interest expense		**(499)**	(164)
Net finance (expense)		**(409)**	(112)
Share of profit (loss) in associate	12	**-**	(177)
Income before tax		**3,827**	3,624
Income tax expense	14	**(1,242)**	(1,198)
Net income		**$ 2,585**	$ 2,426
Other comprehensive income (loss)			
Items that may be subsequently reclassified to net income			
Unrealized gain (loss) on translation of financial statements of foreign operations		**361**	(51)
Change in fair value of marketable securities, net of tax		**(24)**	(45)
Other comprehensive income (loss) for the period		**337**	(96)
Total comprehensive income		**$ 2,922**	$ 2,330
Earnings per share ($ per share)			
Total, basic	19	**$ 0.15**	$ 0.14
Total, diluted	19	**$ 0.15**	$ 0.14

See accompanying Notes

Consolidated Statements of Changes in Equity

(thousands of CAD dollars, unaudited)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2017		$ 68,767	$ 19,955	$ -	$ 599	$ 89,321
Net income		2,426	-	-	-	2,426
Other comprehensive loss		-	-	(96)	-	(96)
Stock option expense	16	-	-	-	79	79
Dividend declared		(3,500)	-	-	-	(3,500)
Balance at March 31, 2017		$ 67,693	$ 19,955	$ (96)	$ 678	$ 88,230
Balance at January 1, 2018		**$ 82,556**	**$ 19,955**	**$ 390**	**$ 1,070**	**$ 103,971**
Net income		**2,585**	**-**	**-**	**-**	**2,585**
Other comprehensive income		**-**	**-**	**337**	**-**	**337**
Stock option expense	16	**-**	**-**	**-**	**118**	**118**
Dividend declared		**(3,500)**	**-**	**-**	**-**	**(3,500)**
Balance at March 31, 2018		**$ 81,641**	**$ 19,955**	**$ 727**	**$ 1,188**	**$ 103,511**

See accompanying Notes

Consolidated Statements of Cash Flows

(thousands of CAD dollars, unaudited)	Note	Three Months Ended March 31, 2018	2017
Operating			
Net income		**$ 2,585**	$2,426
Add: Charges not affecting cash			
Depreciation	9	**312**	421
Amortization	10	**2,091**	1,611
Foreign exchange gain		**(1)**	(26)
Deferred tax expense recognized in net income		**667**	874
Recovery of MARS* project expenses	10	**19**	58
Net finance expense		**409**	112
Stock option expense	16	**118**	79
Share of (profit) loss in associate		**-**	177
Net change in non-cash working capital	25	**(6,100)**	(1,167)
Net cash flow provided by operating activities		**100**	4,565
Investing			
Interest received		**90**	52
Cash received on disposal of property, plant and equipment		**-**	1
Short term investments		**(250)**	-
Additions to property, plant and equipment		**(82)**	(15)
Additions to intangible assets		**(316)**	(21)
Net cash outflow on acquisition in subsidiary	24	**-**	(13,662)
Net cash outflow on investment in associate	12	**-**	(2,451)
Net cash flow used in investing activities		**(558)**	(16,096)
Financing			
Interest paid		**(183)**	(158)
Repayment of long-term debt		**-**	(375)
Drawdown of operating loan		**-**	10,000
Dividend paid		**(3,500)**	(3,500)
Net cash flow (used in) financing activities		**(3,683)**	5,967
Effects of exchange rate changes on cash held in foreign currencies		**26**	2
Decrease in cash		**(4,115)**	(5,562)
Cash, beginning of period		**31,265**	33,533
Cash, end of period		**$ 27,150**	$ 27,971

**Mineral Administration Registry Saskatchewan*

See accompanying Notes

Notes to the Consolidated 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 and has offices in Toronto, ON, Montreal, QC, Vernon, BC, and Dublin, Ireland. As of January 1, 2018, ISC has three reportable segments - Registry Operations, Services and Technology Solutions. A functional summary of these segments is as follows:

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

As at March 31, 2018, ISC’s principal revenue generating segments were Registry Operations and Services.

2 Basis of Presentation

Statement of compliance

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

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

These unaudited condensed consolidated interim financial statements were authorized by the Audit Committee of the ISC Board of Directors (“Board”) for issue on May 3, 2018.

Basis of measurement

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

Functional and presentation currency

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

Basis of consolidation

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

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

Significant items subject to estimates and underlying assumptions include:

- the carrying value, impairment and estimated useful lives of property, plant and equipment (Note 9);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 10) and goodwill (Note 11);
- the recoverability of deferred tax assets (Note 14); and
- the measurement of the contingent consideration to be paid in conjunction with the ERS and AVS Systems Inc. ("AVS") acquisitions (Notes 18 and 24).

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

Changes in accounting policies

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

Standard	Description
Amendment to IFRS 2 – *Share-based Payment*	The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The adoption of the new standard did not have a material impact on the financial statements of the Company.
IFRS 9 — *Financial Instruments*	The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classifications: amortized cost and fair value. Under IFRS 9, where the fair value option is applied to financial liabilities, any change in fair value resulting from an entity's own credit risk is recorded through other comprehensive income (loss) rather than net income (loss). The new standard also introduces a credit loss model for evaluating impairment of financial assets. The adoption of the new standard did not require any adjustments to the values recorded in the Company's consolidated financial statements in the period of initial application (January 1, 2018). However, the Company has adjusted its disclosure. See Note 3 and Note 21.
IFRS 15 — *Revenue from Contracts with Customers*	The standard provides for a single model that applies to contracts with customers as well as two revenue recognition approaches: at a point in time or over time. The model features a contract-based, five-step analysis of transactions to determine whether, when and how much revenue is recognized. The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or leases, which are within the scope of other IFRS standards. The new revenue standard permits either a full retrospective method of adoption with restatement of all prior periods presented, or a modified retrospective method with the cumulative effect of applying the new standard recognized as an adjustment to opening retained earnings in the period of adoption. The Company has decided to adopt the new revenue standard using the modified retrospective method, with no impact to opening retained earnings. See Note 3, Note 7, Note 15 and Note 22 for disclosures relating to this new standard.

3 Summary of Significant Accounting Policies

Revenue

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

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

This is achieved by applying the following five steps:

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

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

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

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

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

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

Registry Operations Revenue

Our Registry Operations segment involves the provision of registry and information services and software solutions to governments and private sector organizations. Most of our revenue is generated by providing registry and information services to end-users on behalf of the Province of Saskatchewan under a 20-year MSA. The majority of revenue is generated by earning fees from end-use customers through registrations, searches, maintenance transactions and value-added services.

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

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

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

Services Revenue

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

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

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

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

Technology Solutions Revenue

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

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

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

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

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

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

Financial Instruments

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

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

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" ("ECL") model for determining impairment or recognition of credit losses on financial assets measured at amortized costs ("AC") or Fair Value Through Other Comprehensive Income ("FVTOCI"). There is no impact to ISC as credit losses are historically low as most customers with credit are governments, banking institutions, etc. with strong credit.

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

Financial Instrument	**IAS 39**		**IFRS 9**	
	Classification	**Measurement**	**Classification**	**Measurement**
Assets:				
Cash	FVTPL[1]	Fair value	AC[2]	AC
Short term investments (GICs)	FVTPL	Fair value	AC	AC
Short term investments – marketable securities	Available-for-sale	Fair value	FVTOCI[3]	FVTOCI
Receivables	Loans and receivables	Amortized cost using effective interest rate method	AC	AC
Liabilities:				
Payables & accrued liabilities	Other financial liabilities	Amortized cost using effective interest rate method	Amortized cost method	Amortized cost using effective interest rate method
Long term debt < 1 year	Other financial liabilities	Amortized cost using effective interest rate method	Amortized cost method	Amortized cost using effective interest rate method
Long term debt	Other financial liabilities	Amortized cost using effective interest rate method	Amortized cost method	Amortized cost using effective interest rate method
Other long-term liabilities (AVS contingent consideration)	Financial assets at fair value through profit and loss	Fair value	FVTPL	FVTPL

[1] "FVTPL" - Fair value through profit or loss

[2] "AC" – Amortized cost

[3] "FVTOCI" - Fair value through other comprehensive income

Recent accounting pronouncements

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

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

4 Cash

Cash is held on deposit and certain accounts earn interest at a range of 0.50 per cent to prime less 1.95 per cent. Interest revenue earned in 2018 is $90 thousand (2017 – $52 thousand).

5 Short-Term Investments

The components of short-term investments are as follows:

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Guaranteed investment certificates (GICs)	**$ 400**	$ 150
Marketable securities at fair value	**137**	151
Total short-term investments	**$ 537**	$ 301

GICs consist of one-year certificates issued by and held as collateral by a Canadian chartered bank at an interest rate of 0.5 per cent per annum with maturity dates occurring in June 2018, September 2018, and January 2019. Marketable securities consist of an investment in less than 5.0 per cent of the issued and outstanding shares of a company listed on the Australian Stock Exchange, which was acquired as part of the ERS acquisition.

6 Trade and Other Receivables

The components of trade and other receivables are as follows:

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Trade receivables	**$ 7,371**	$ 6,497
GST/HST/VAT receivable	**443**	383
Other	**392**	630
Total trade and other receivables	**$ 8,206**	$ 7,510

7 Contract Assets

The components of contract assets are as follows:

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Unbilled revenue	**$ 195**	$ -
Contract fulfillment costs	**523**	-
Total contract assets	**$ 718**	$ -

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

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

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

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

8 Seasonality

Our Registry Operations segment experiences moderate seasonality, primarily because Saskatchewan Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest. 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. Our Technology Solutions segment does not experience seasonality but can fluctuate due to project related revenue. The balance of our corporate activities and shared services functions reported under Corporate, do not experience seasonality. Expenses are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related or acquisition activities.

9 Property, Plant and Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Asset Under Development	Total
Cost						
Balance at December 31, 2016	$ 10,680	$ 3,203	$ 193	$ 2,485	$ -	$ 16,561
Acquired assets	51	19	-	47	-	117
Additions	44	18	2	252	118	434
Disposals	-	(26)	-	(158)	-	(184)
Transfers	53	-	-	-	(53)	-
Foreign exchange adjustments	-	-	-	2	-	2
Balance at December 31, 2017	$ 10,828	$ 3,214	$ 195	$ 2,628	$ 65	$ 16,930
Acquired assets	-	-	-	-	-	-
Additions	23	30	-	27	2	82
Disposals	-	(1)	-	-	-	(1)
Transfers	26	-	-	-	(26)	-
Foreign exchange adjustments	1	1	-	4	1	7
Balance at March 31, 2018	**$ 10,878**	**$ 3,244**	**$ 195**	**$ 2,659**	**$ 42**	**$ 17,018**
Accumulated depreciation						
Balance at December 31, 2016	$ 6,504	$ 2,509	$ 110	$ 2,036	$ -	$ 11,159
Depreciation	794	254	26	372	-	1,446
Disposals	-	(24)	-	(156)	-	(180)
Foreign exchange adjustments	-	-	-	1	-	1
Balance at December 31, 2017	$ 7,298	$ 2,739	$ 136	$ 2,253	$ -	$ 12,426
Depreciation	183	56	6	67	-	312
Disposals	-	(1)	-	-	-	(1)
Foreign exchange adjustments	-	-	-	2	-	2
Balance at March 31, 2018	**$ 7,481**	**$ 2,794**	**$ 142**	**$ 2,322**	**$ -**	**$ 12,739**
Carrying value						
At December 31, 2017	$ 3,530	$ 475	$ 59	$ 375	$ 65	$ 4,504
At March 31, 2018	**$ 3,397**	**$ 450**	**$ 53**	**$ 337**	**$ 42**	**$ 4,279**

10 Intangible Assets

(thousands of CAD dollars)	Internal Use Software - Acquired	Internal Use Software - Internally Developed	Business Solutions - Acquired	Business Solutions - Internally Developed	Brand, Non-Compete, Other	Contracts, Customer & Partner Relation-ships	Assets Under Develop-ment	Total
Cost								
Balance at December 31, 2016	$ 15,996	$ 77,433	$ -	$ 1,627	$ 1,333	$ 12,854	$ 872	$ 110,115
Acquired assets	9,728	-	1,997	-	891	14,417	-	27,033
Additions	84	277	-	-	-	-	1,248	1,609
Disposals	(15)	(364)	-	-	-	-	-	(379)
Transfers	-	-	-	240	-	-	(240)	-
Foreign exchange adjustments	-	-	116	-	33	41	-	190
Balance at December 31, 2017	$ 25,793	$ 77,346	$ 2,113	$ 1,867	$ 2,257	$ 27,312	$ 1,880	$ 138,568
Additions	12	-	-	-	-	-	304	316
Foreign exchange adjustments	-	-	112	-	32	40	58	242
Balance at March 31, 2018	**$ 25,805**	**$ 77,346**	**$ 2,225**	**$ 1,867**	**$ 2,289**	**$ 27,352**	**$ 2,242**	**$ 139,126**
Accumulated Depreciation								
Balance at December 31, 2016	$ 7,597	$ 75,378	$ -	$ 1,286	$ 219	$ 1,140	$ -	$ 85,620
Amortization	2,786	1,227	281	80	332	1,355	-	6,061
Disposals	(15)	(364)	-	-	-	-	-	(379)
Recovery of MARS* expenses	-	-	-	232	-	-	-	232
Foreign exchange adjustments	-	-	7	-	3	2	-	12
Balance at December 31, 2017	$ 10,368	$ 76,241	$ 288	$ 1,598	$ 554	$ 2,497	$ -	$ 91,546
Amortization	1,030	136	81	19	166	659	-	2,091
Recovery of MARS* expenses	-	-	-	19	-	-	-	19
Foreign exchange adjustments	-	-	17	-	8	5	-	30
Balance at March 31, 2018	**$ 11,398**	**$ 76,377**	**$ 386**	**$ 1,636**	**$ 728**	**$ 3,161**	**$ -**	**$ 93,686**
Carrying Value								
At December 31, 2017	$ 15,425	$ 1,105	$ 1,825	$ 269	$ 1,703	$ 24,815	$ 1,880	$ 47,022
At March 31, 2018	**$ 14,407**	**$ 969**	**$ 1,839**	**$ 231**	**$ 1,561**	**$ 24,191**	**$ 2,242**	**$ 45,440**

*Mineral Administration Registry Saskatchewan

11 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Balance, beginning of the period	**$ 44,473**	$ 13,141
Additions (Note 24)	**-**	31,105
Foreign exchange adjustment	**221**	227
Balance, end of the period	**$ 44,694**	$ 44,473

12 Investment in Associate

In 2015, through its wholly owned subsidiary ISC Ent, the Company invested $3.3 million in OneMove Technologies Inc. (now Dye & Durham), acquiring 30 per cent of the issued and outstanding voting common shares. During 2016, the Company contributed additional capital representing its pro rata share of equity raises by Dye & Durham, maintaining ISC's 30 per cent ownership interest.

On March 27, 2017, the Company contributed additional capital of $2.4 million representing its pro rata share of an equity raise by Dye & Durham. Subsequently, on March 28, 2017, the Company contributed additional capital of $0.1 million, raising its ownership interest to 30.1 per cent.

ISC's 30.1 per cent ownership level and related rights gave the Company significant influence over Dye & Durham, but did not represent control and, as a result, the Company has accounted for this investment using the equity method. The Company recorded its pro rata share of the net income (loss) on its consolidated statements of comprehensive income.

On October 5, 2017, the Company sold its 30.1 per cent ownership stake in Dye & Durham for $25.0 million and recorded a gain before tax of $15.4 million (after-tax of $13.4 million).

13 Accounts Payable and Accrued Liabilities

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

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Trade payables	**$ 1,750**	$ 1,437
Accrued liabilities	**5,698**	7,489
Dividend payable	**3,500**	3,500
Total accounts payable and accrued liabilities	**$ 10,948**	$ 12,426

14 Tax Provision

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

The increase in tax bases of certain of the Company's assets upon the change in tax status related to the Company's Initial Public Offering, created a deferred tax asset. Upon acquisition of ERS, Alliance Online Ltd. ("Alliance") and AVS, the value of the acquired assets was greater on an accounting basis than on a tax basis, resulting in a deferred tax liability.

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2018**	2017
Current tax expense	**$ 575**	$ 324
Deferred tax expense	**667**	874
Income tax expense	**$ 1,242**	$ 1,198

In assessing the recovery of deferred income tax assets, management considers whether it is more likely than not that the deferred income tax assets will be realized. The recognition and measurement of the current and deferred tax assets and liabilities involves dealing with uncertainties in the application of complex tax regulations and in the assessment of the recoverability of the deferred tax assets. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences are deductible.

Actual income taxes could vary from these estimates as a result of future events, including changes in income tax laws or the outcome of tax reviews by tax authorities and related appeals. To the extent the final outcome is different from the amounts initially recorded, such differences, which could be significant, will impact the tax provision in the period in which the outcome is determined.

No deferred tax has been recognized in respect of temporary differences associated with investments in the Company's subsidiaries where the Company is in a position to control the timing and reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

15 Contract Liabilities

The components of contract liabilities are as follows:

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Amounts received in advance of Registry Operations transaction, maintenance and support contracts (i)	**4,078**	4,339
Amounts received in advance of Technology Solutions support and delivery contracts (ii)	**1,250**	1,164
Total contract liabilities	**$ 5,328**	$ 5,503

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

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

Revenue recognized that was included in the contract liability balance at the beginning of the period:

(thousands of CAD dollars)	March 31, 2018
Registry Operations transaction, maintenance and support contracts	$ 196
Technology Solutions support and delivery contracts	157
Total revenue recognized that was included in the balance at the beginning of the period	**$ 353**

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

16 Share-Based Compensation Plan

Deferred share unit ("DSU") plan

The Company has established a DSU plan to provide directors and senior officers of ISC with the opportunity to participate in the long-term success of ISC and to promote a greater alignment of interests between its directors, senior officers and shareholders. The ISC Board may award DSUs at its discretion from time to time in accordance with the plan and upon such other terms and conditions as the Board may prescribe. DSU awards vest immediately, unless an alternate vesting schedule is specified by the Board at the time of the award.

DSUs earn dividend equivalent units ("DEUs") in the form of additional DSUs at the same rate as dividends on Class A Shares. The participant is not allowed to convert the DSUs until termination of employment/directorship or death. The cash value of the DSUs is equivalent to the market value of the Class A Shares when redemption takes place.

On each applicable redemption date, the Company delivers to each participant a cash payment equal to the redemption value of the DSUs, or an equivalent number of Class A Shares purchased on the TSX. A summary of the status of the DSU plan and the changes within the period ended March 31, 2018, are as follows:

	Units	Weighted Average Award Price
Balance at December 31, 2017	52,610.60	$ 17.37
Total notional dividend equivalents declared to date	6,094.00	17.08
Balance at March 31, 2018	**58,704.60**	**$ 17.36**

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

Share-based compensation for the three months ended March 31, 2018, totalled income of $36 thousand (2017 – $74 thousand expense). The total carrying amount of the liability arising from the DSUs as of March 31, 2018, totalled $1.0 million (December 31, 2017 – $1.1 million). The liability amount is included within accounts payable and accrued liabilities on the consolidated statements of financial position.

The fair value of the DSUs at March 31, 2018, has been calculated using the market value of the Company's Class A Shares on the TSX.

Stock option plan

The Company established a stock option plan that was approved by shareholders in 2014 and subsequently amended and restated with the approval of shareholders on May 17, 2017. The exercise price of options issued under the stock option plan is determined by the Board at the time of the grant, but shall not be less than the closing price for the Class A Shares on the TSX on the trading day immediately preceding the date of the grant.

Unless the Board determines otherwise, options granted will vest and become exercisable in equal tranches over the four years following the date of the grant. Once vested, options may be exercised at any time within eight years of the date of the grant, after which they expire and terminate.

A summary of the status of the stock option plan and the changes within the three months ended March 31, 2018, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2017	1,076,600	$ 17.01
No movement	-	-
Balance at March 31, 2018	**1,076,600**	**$ 17.01**

The outstanding share options at the end of the period had a weighted average exercise price of $17.01 (December 31, 2017 — $17.01). The number of options exercisable at the end of the period was 318,700 and had a weighted average exercise price of $16.08 based on a range of exercise prices from $15.04 to $18.85.

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

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

The Company included the following variables:

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

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended March 31, 2018, totalled $118 thousand (March 31, 2017 — $79 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of March 31, 2018, totalled $1.2 million (December 31, 2017 — $1.1 million).

17 Debt

On September 28, 2015, the Company entered into an amended and restated credit agreement in connection with the secured credit facilities (collectively, the "Credit Facilities") provided by a Canadian chartered bank (the "Lender"). On September 27, 2017, the credit agreement was extended to October 1, 2019. At March 31, 2018, the aggregate amount available under the Credit Facilities is $31.560 million comprised of (i) a $9.935 million committed revolving term loan facility (the "Revolving Term Facility") along with; (ii) a $10.0 million uncommitted revolving credit facility (the "Operating Loan") to be used for general corporate purposes (March 31, 2018 and December 31, 2017 had nil drawings); and (iii) a $11.625 million committed non-revolving reducing credit facility (the "Non-Revolving Term Facility").

Borrowings under the Credit Facilities bear interest at a base rate of prime, bankers' acceptance, letter of credit or letter of guarantee fee (determined in accordance with the terms of the Credit Facilities), plus a margin varying between 0.7 per cent and 1.7 per cent per annum depending on the type of advance. The Company is also required to pay a commitment fee quarterly in arrears at the rate of 0.34 per cent per annum of the unutilized portion of the Revolving Term Facility loan.

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Operating loan	**$ -**	$ -
Revolving Term Facility, which consists of a three-year committed revolving term loan facility that matures on October 1, 2019, unless renewed prior to that time. This facility currently consists of a bankers' acceptance note bearing interest at 1.6975 per cent per annum that matures on June 14, 2018 (December 31, 2017 – a bankers' acceptance note, due March 16, 2018, bearing interest at 1.658 per cent per annum).	**$ 9,935**	$ 9,935
Non-Revolving Term Facility, used to fund, in part, the acquisition of ESC, repayable by ISC through quarterly payments of $375 thousand and matures on October 1, 2019. This facility currently consists of a prime based loan with interest at 4.15 per cent per annum (December 31, 2017 – prime based loan with interest at 3.9 per cent per annum).		
Current portion	**1,500**	1,500
Long-term portion	**10,125**	10,125
Total long-term debt	**$ 21,560**	$ 21,560

The Revolving Term Facility and the Operating Loan under the Credit Facilities contain financial covenants which require the Company to maintain a ratio of Funded Debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") (as per the Credit Facilities) of less than 2:1 and a Fixed Charge Coverage ratio (as defined in the Credit Facilities) of greater than 1.35:1.

The Non-Revolving Term Facility under the Credit Facilities contains financial covenants which require the Company to maintain a ratio of Funded Debt less up to $5.0 million cash on hand to ESC Adjusted EBITDA being less than 3:1 and an Interest Coverage ratio (as defined in the Credit Facilities) of greater than 3:1.

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

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

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

18 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 March 31, 2018**	Three months ended March 31, 2017
Financing activities:		
Interest paid (a)	**$ (183)**	$ (158)
Repayment of long-term debt (b)	**-**	(375)
Drawdown of operating loan (c)	**-**	10,000
Dividends paid (d)	**(3,500)**	(3,500)
Net cash flow (used in) financing activities	**$ (3,683)**	$ 5,967

	As at December 31, 2017	Cash Flows		Non-cash Changes		**As at March 31, 2018**
				Foreign Exchange Movement	Fair Value and Other Changes	
Interest payable	$ -	$ (183)	(a)	$ -	$ 183	**$ -**
Long-term debt including current portion	21,560	-	(b)	-	-	**21,560**
Dividends payable	3,500	(3,500)	(d)	-	3,500	**3,500**
Contingent consideration – long-term	15,723			55	591	**16,369**
	$ 40,783	$ (3,683)		$ 55	$ 4,274	**$ 41,429**

	As at December 31, 2016	Cash Flows		Non-cash Changes		As at March 31, 2017
				Foreign Exchange Movement	Fair Value and Other Changes	
Interest payable	$ -	$ (158)	(a)	$ -	$ 158	$ -
Long-term debt including current portion	23,435	(375)	(b)	-	-	23,060
Operating loan	-	10,000	(c)	-	-	10,000
Dividends payable	3,500	(3,500)	(d)	-	3,500	3,500
Contingent consideration – long-term	-			-	360	360
	$ 26,935	$ 5,967		$ -	$ 4,018	$ 36,920

19 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:

	Three months ended March 31,	
(thousands of CAD dollars, except number of shares and earnings per share)	**2018**	2017
Net income	**$ 2,585**	$ 2,426
Weighted average number of shares, basic	**17,500,000**	17,500,000
Potential dilutive shares resulting from stock options	**62,429**	119,416
Weighted average number of shares, diluted	**17,562,429**	17,619,416
Earnings per share ($ per share)		
Total, basic	**$ 0.15**	$ 0.14
Total, diluted	**$ 0.15**	$0.14

20 Equity and Capital Management

The Company's authorized share capital consists of an unlimited number of Class A Shares, one Class B Golden Share (the "Golden Share") and an unlimited number of Preferred Shares, issuable in series. The Company currently has 17,500,000 Class A Shares issued and outstanding, one Golden Share issued and outstanding and no Preferred Shares issued or outstanding. Class A Shares are entitled to one vote per share. The Golden Share, held by the Government of Saskatchewan, has certain voting rights with respect to the location of the head office and the sale of all or substantially all of the assets of the Company. The Golden Share has no pre-emptive, redemption, purchase or conversion rights and is not eligible to receive dividends declared by the Company. The Preferred Shares can be issuable at any time and may include voting rights.

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

Capital management

The Company's capital at March 31, 2018, consists of long-term debt, share capital, employee benefit reserve, accumulated other comprehensive income and retained earnings (comprising total shareholders' equity).

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Long-term debt	**$ 21,560**	$ 21,560
Share capital	**19,955**	19,955
Accumulated other comprehensive income	**727**	390
Equity settled employee benefit reserve	**1,188**	1,070
Retained earnings	**81,641**	82,556
Capitalization	**$ 125,071**	$ 125,531

21 Financial Instruments and Related Risk Management

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

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Company extends credit to its customers in the normal course of business and is exposed to credit risk in the event of non-performance by customers, but does not anticipate such non-performance would be material. The Company monitors the credit risk and credit rating of customers on a regular basis. The Company has significant concentration of credit risk among government sectors. Its customers are predominantly provincial, federal and municipal government ministries and agencies, and its private sector customers are diverse.

The majority of cash is held with Canadian chartered banks and the Company believes the risk of loss to be minimal. The maximum exposure to credit risk at March 31, 2018, is $35.9 million (December 31, 2017 — $39.1 million) equal to the carrying value of the Company's financial assets, those being cash at $27.1 million (December 31, 2017 — $31.2 million), short-term investments at $0.5 million (December 31, 2017 — $0.3 million) and trade receivables and other receivables at $8.2 million (December 31, 2017 — $7.5 million). Quarterly reviews of the aged receivables are completed. The Company expects to fully collect the carrying value on all outstanding receivables. Therefore, the risk to the Company is considered to be low.

The following table sets out details of cash and aging of receivables:

(thousands of CAD dollars)	**March 31, 2018**	December 31, 2017
Cash	**$ 27,150**	$ 31,265
Short-term investments	**537**	301
Current trade and other receivables	**7,146**	5,903
Up to three months past due date	**970**	1,282
Greater than three months past due date	**90**	325
Total credit risk	**$ 35,893**	$ 39,076

Interest rate risk

The Company is subject to interest rate risks as the Credit Facilities (Note 17) bear interest at rates that are floating rates based on prime, which can vary in accordance with borrowing rates. The Company manages interest rate risk by using short-term bankers' acceptance notes with an option to lock in rates at any time and by monitoring the effects of market changes in interest rates.

The following table presents a sensitivity analysis to changes in market interest rates and their potential impact on the Company for the periods ended March 31, 2018, and December 31, 2017. As the sensitivity is hypothetical, it should be used with caution.

	March 31, 2018		December 31, 2017	
(thousands of CAD dollars)	**+ 100 bps***	**- 100 bps**	+ 100 bps	- 100 bps
Increase (decrease) in interest expense	**$ 29**	**$ (29)**	$ 125	$ (125)
Decrease (increase) in net income before tax	**$ 29**	**$ (29)**	$ 125	$ (125)
Decrease (increase) in total comprehensive income	**$ 21**	**$ (21)**	$ 92	$ (92)

* bps = basis point spread

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's cash resources are managed based on financial forecasts and anticipated cash flows.

The following summarizes the contractual maturities for the Company's financial liabilities at March 31, 2018:

(thousands of CAD dollars)	**Carrying Amount**	**Contractual Cash Flows**	**0-6 Months**	**7-12 Months**	**12+ Months**
Long-term debt	$ 21,560	$ 22,201	$ 11,239	$ 963	$ 9,949
Accounts payable and accrued liabilities	10,948	10,948	10,948	-	-
Other long-term liabilities	15,062	16,135	-	-	16,135
Total liabilities	**$ 47,570**	**$ 49,284**	**$ 22,187**	**$ 963**	**$ 26,084**

Contractual cash flows for long-term debt includes principal and interest.

Market risk

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

(thousands of CAD dollars)	Classification	Level	March 31, 2018 Carrying Amount	March 31, 2018 Fair Value	December 31, 2017 Carrying Amount	December 31, 2017 Fair Value
Financial assets						
Cash	AC	L2	**$ 27,150**	**$ 27,150**	$ 31,265	$ 31,265
Short-term investments						
GICs	AC	L2	**150**	**150**	150	150
Marketable securities	FVTOCI	L1	**387**	**387**	151	151
Trade and other receivables	AC	L2	**8,206**	**8,206**	7,510	7,510
Financial liabilities						
Accounts payable and accrued liabilities	AC	L2	**10,948**	**10,948**	12,426	12,426
Long-term debt	AC	L2	**21,560**	**21,560**	21,560	21,560
Other long-term liabilities	FVTPL	L2	**15,062**	**15,062**	14,762	14,762

Fair value of financial instruments

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

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

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

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

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

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

Foreign currency exchange risk

The Company operates internationally and is exposed to fluctuations in various currencies with the euro being the most material. Movements in foreign currencies against the Canadian dollar may impact revenue, the value of assets and liabilities and affect the Company's profit and loss.

Based on the balance of foreign net monetary assets and net assets carried on the consolidated statements of financial position, the impact of an increase (decrease) of 10 per cent in the euro, relative to the Canadian dollar as at March 31, 2018, on net monetary assets was a decrease (increase) of $173 thousand and on net assets was an increase (decrease) of $740 thousand. The Company's exposure to other currencies is negligible at the end of the period.

22 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 23). The following table presents our revenues disaggregated by revenue type. Sales and usage tax are excluded from revenue.

Segment revenue

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2018**	2017
Registry Operations		
Land Registry (Land Titles Registry, Land Surveys, and Geomatics	**$ 11,835**	$ 11,754
Personal Property Registry	**2,371**	2,347
Corporate Registry	**2,704**	2,817
Services	**8,872**	3,754
Technology Solutions	**1,086**	820
Corporate – other	**4**	4
Total revenue	**$ 26,872**	$ 21,496

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

Timing of revenue recognition

(thousands of CAD dollars)	Three Months Ended March 31, 2018	2017
At a point in time		
Registry Operations revenue		
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**$ 11,335**	$ 11,274
Personal Property Registry	**2,371**	2,347
Corporate Registry	**2,496**	2,611
Services revenue	**8,872**	3,754
Technology Solutions revenue	**169**	384
Other revenue	**4**	4
	$ 25,247	$ 20,374
Over time		
Registry Operations revenue		
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	**500**	480
Corporate Registry	**208**	206
Technology Solutions revenue	**917**	436
	$ 1,625	$ 1,122
Total revenue	**$ 26,872**	$ 21,496

23 Segment Information

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

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

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

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

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

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

Revenue and Net income

For the three months ended March 31, 2018

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and elimination	Consolidated Total
Revenue from third parties	**$ 16,910**	**$ 8,872**	**$ 1,086**	**$ 4**	**$ 26,872**
Plus: inter-segment revenue	**-**	**-**	**3,801**	**(3,801)**	**-**
Total revenue	**$ 16,910**	**$ 8,872**	**$ 4,887**	**$ (3,797)**	**$ 26,872**
Expenses excluding depreciation and amortization	**(10,244)**	**(7,811)**	**(4,250)**	**2,072**	**(20,233)**
EBITDA	**6,666**	**1,061**	**637**	**(1,725)**	**6,639**
Depreciation and amortization	**(479)**	**(1,504)**	**(162)**	**(258)**	**(2,403)**
EBIT	**$ 6,187**	**$ (443)**	**$ 475**	**$ (1,983)**	**4,236**
Net finance income (expense)					**(409)**
Income tax expense					**(1,242)**
Net income					**$ 2,585**
Additions to non-current assets, including acquisitions	**$ 59**	**$ 19**	**$ 315**	**$ 9**	**$ 402**

For the three months ended March 31, 2017

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and elimination	Consolidated Total
Revenue from third parties	$ 16,918	$ 3,754	$ 820	$ 4	$ 21,496
Plus: inter-segment revenue	-	-	3,685	(3,685)	-
Total revenue	$ 16,918	$ 3,754	$ 4,505	$ (3,681)	$ 21,496
Expenses excluding depreciation and amortization	(9,737)	(2,930)	(4,724)	1,839	(15,552)
Share of profit in associate	-	-	-	(177)	(177)
EBITDA	7,181	824	(219)	(2,019)	5,767
Depreciation and amortization	(845)	(705)	(109)	(372)	(2,031)
EBIT	$ 6,336	$ 119	$ (328)	$ (2,391)	3,736
Net finance income (expense)					(112)
Income tax expense					(1,198)
Net income					$ 2,426
Additions to non-current assets, including acquisitions	$ 5,800	$ 19	$ 7,254	$ 2,546	$ 15,619

Inter-segment revenues are charged among segments at an 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 March 31, 2018, revenue within Ireland was $0.8 million (2017 — $0.4 million) and the remainder was in Canada. No single customer represented more than 10.0 per cent of the total consolidated revenue.

Assets and Liabilities

As at March 31, 2018

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and elimination	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	$ 26,872	$ 6,288	$ 2,561	$ 13,955	$ 49,676
Intangibles	5,112	35,010	5,295	23	45,440
Goodwill	5,800	34,513	4,381	-	44,694
Cash	253	3,262	1,052	22,583	27,150
Total Assets	**$ 38,037**	**$ 79,073**	**$ 13,289**	**$ 36,561**	**$ 166,960**
Liabilities	**$ 5,177**	**$ 25,655**	**$ 4,054**	**$ 28,563**	**$ 63,449**

As at December 31, 2017

(thousands of CAD dollars)	Registry Operations	Services	Technology Solutions	Corporate and elimination	Consolidated Total
Assets					
Total assets, excluding intangibles, goodwill and cash	$ 27,133	$ 5,340	$ 1,572	$ 15,020	$ 49,065
Intangibles	5,516	36,488	4,992	26	47,022
Goodwill	5,800	34,513	4,160	-	44,473
Cash	7,798	4,229	1,264	17,974	31,265
Total Assets	$ 46,247	$ 80,570	$ 11,988	$ 33,020	$ 171,825
Liabilities	$ 7,306	$ 27,091	$ 3,523	$ 29,934	$ 67,854

Non-current assets are held in Canada and Ireland. At March 31, 2018, non-current assets held in Ireland were $8.8 million (December 31, 2017 — $8.2 million) while the remainder were held in Canada.

24 Acquisition

During 2017, the Company completed the acquisition of three entities: ERS, Alliance and AVS. Each acquisition is a business combination to which IFRS 3 – *Business Combinations* applies. A table outlining the net cash flow related to each acquisition is provided below followed by a table providing the allocation of the net purchase price for accounting purposes.

Net cash outflow related to the acquisition

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

The table below presents the final allocation of the net purchase price for accounting purposes for the ERS acquisition and the preliminary allocation of the net purchase price for accounting purposes for the Alliance and AVS acquisitions:

(thousands of CAD dollars)	March 31, 2018	ERS	Alliance – Preliminary Allocation	AVS – Preliminary Allocation	December 31, 2017
Assets					
Cash	$ -	$ 604	$ 177	$ 888	$ 1,669
Short-term investments	-	183	-	-	183
Trade and other receivables	-	1,451	25	2,161	3,637
Income tax recoverable	-	15	-	-	15
Prepaid expenses	-	63	9	256	328
Property, plant and equipment	-	40	2	75	117
Intangible assets	-	3,281	732	23,020	27,033
	-	5,637	945	26,400	32,982
Liabilities					
Accounts payable and accrued liabilities	-	727	70	227	1,024
Deferred revenue	-	99	-	-	99
Income tax payable	-	-	-	710	710
Deferred tax liability	-	399	194	6,158	6,751
	-	1,225	264	7,095	8,584
Net assets acquired	-	$ 4,412	$ 681	$ 19,305	$ 24,398
Goodwill arising on acquisition					
Total consideration allocated	-	14,145	1,127	40,231	55,503
Net assets acquired	-	4,412	681	19,305	24,398
Total goodwill arising on acquisition	$ -	$ 9,733	$ 446	$ 20,926	$ 31,105

Enterprise Registry Solutions Limited

On January 23, 2017, the Company acquired all of the issued and outstanding common shares of ERS. The Company completed the transaction with $14.3 million (€10.0 million) of the purchase price paid on closing of the transaction, subject to working capital adjustments. The transaction was financed through a combination of cash and $10.0 million of debt from our existing credit facilities, pursuant to the September 28, 2015, amended and restated Credit Facilities. As part of the transaction, 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 and is not included as part of the related acquisition consideration. The portion of the contingent consideration related to the award and realization of future business will be recorded in the period incurred, if the realization occurs within the 30-month period.

ERS, which is headquartered in Dublin, Ireland, 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 support registries in Europe, North America and Asia. The acquisition of ERS strengthens the Company's ability to compete more effectively for new registry business by having an additional registry technology solution in its offering.

Remuneration expense associated with the contingent consideration for the three months ended March 31, 2018, totalled $0.3 million (March 31, 2017 – $0.4 million) and has been recorded within wages and salaries expense on the consolidated statement of comprehensive income. The carrying value of the liability associated with this remuneration as of March 31, 2018 is $1.3 million (December 31, 2017 – $1.0 million), and is recorded within other long-term liabilities. The goodwill of $9.7 million arising on the acquisition of ERS included amounts in relation to the benefit of an increased global market presence and competencies, related potential revenue growth, future market development, synergies and the assembled workforce of ERS. None of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of technology of $2.0 million, customer relationships of $0.7 million, and a non-compete clause of $0.6 million.

Alliance Online Ltd.

On June 1, 2017, ISC through its wholly owned subsidiary ESC, acquired all of the issued and outstanding common shares of Alliance, a personal property, corporate and land registry search and submission provider located in Mississauga, ON, for a purchase price of $1.0 million plus $127 thousand of working capital. Immediately after acquisition, Alliance was amalgamated with and continued as ESC. This acquisition provides ESC with additional capacity in personal property registry services and systems.

The goodwill of $0.4 million arising on the acquisition included amounts in relation to the benefit of an increased market presence and competencies, related potential revenue growth, synergies and the assembled workforce of Alliance. None of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of technology of $0.4 million and customer relationships of $0.3 million.

AVS Systems Inc.

On December 21, 2017, the Company through its wholly owned subsidiary ESC, acquired all of the issued and outstanding common shares of AVS. The Company completed the transaction with $25.0 million of the purchase price paid in cash on closing of the transaction, subject to working capital adjustments. As part of the transaction, the Company agreed to pay up to $20.0 million in additional consideration contingent on the realization of future business with financial institutions and auto and equipment finance companies across Canada over a period of 13 months ending January 31, 2019. Management's fair value estimate for the contingent consideration is $15.1 million at March 31, 2018 (December 31, 2017 – $14.8 million), and is recorded in other long-term liabilities. Immediately after acquisition, AVS was amalgamated with and continued as ESC.

AVS, which is based in Vernon, BC, provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. The acquisition of AVS positions the Company's Services segment to support the growing needs of financial institutions and legal firms to outsource key business processes associated with credit due diligence, protection and default solutions while they focus on their core businesses and allows the Company to capitalize on new avenues for growth in our Services segment.

The goodwill of $20.9 million arising on the acquisition of AVS included amounts in relation to the benefit of an increased market presence and competencies, related market growth, and the assembled workforce of AVS. None of the goodwill recognized is expected to be deductible for income tax purposes.

The intangible assets above consist of customer relationships of $5.1 million, partnership relationships of $8.3 million, technology of $9.3 million and a non-compete clause of $0.3 million.

25 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

	Three Months Ended March 31,	
(thousands of CAD dollars)	**2018**	2017
Trade and other receivables	**$ (628)**	$ 433
Prepaid expenses	**(339)**	47
Contract assets	**(718)**	-
Accounts payable and accrued liabilities	**(946)**	(1,183)
Contract liabilities	**(237)**	(370)
Income taxes	**(3,232)**	(94)
Net change in non-cash working capital	**$ (6,100)**	$ (1,167)

Income taxes paid, net of refunds received, for the three months ended March 31, 2018, totalled $3.8 million (2017 — $0.6 million).

26 Commitments and Contingencies

Leasing arrangements

The Company leases all of its office space through operating leases. Operating leases related to office spaces have lease terms of between two and ten years, with various options to extend. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

The Company leases certain office equipment through operating leases. Operating leases related to photocopiers have lease terms of three years. The Company does not have an option to purchase the leased assets at the expiry of the lease period.

Master Service Agreement

Pursuant to the MSA, the Company was appointed, on an exclusive basis, to manage and operate the Saskatchewan Land Titles Registry, Saskatchewan Land Surveys Directory, Saskatchewan Personal Property Registry and Saskatchewan Corporate Registry on behalf of the Government of Saskatchewan for a 20-year term expiring on May 30, 2033. The MSA was amended, effective December 1, 2015, appointing ISC to continue to manage and operate the Saskatchewan Common Business Identifier Program and the Business Registration Saskatchewan Program for the same term as the MSA. The MSA requires the Company to pay to the Government of Saskatchewan the sum of $0.5 million annually, in a single installment payable on or before March 1, in each calendar year of the term commencing with an initial payment which was paid on March 1, 2014.

Commitments

As of March 31, 2018, the Company has commitments over the next five years that include future minimum payments for leasing of office space, an information technology ("IT") service agreement with Information Systems Management Canada Corporation, other management services contracts and a commitment to the Government of Saskatchewan under the MSA:

(thousands of CAD dollars)	Office Leases	IT and Other Service Agreements	Master Service Agreement	Total
2018	$ 2,478	$ 3,498	$ -	$ 5,976
2019	3,283	1,896	500	5,679
2020	3,074	263	500	3,837
2021	2,651	-	500	3,151
2022	2,083	-	500	2,583
Thereafter	3,818	-	5,500	9,318
Total commitments	**$ 17,387**	**$ 5,657**	**$ 7,500**	**$ 30,544**

Contingencies

The Land Titles Act, 2000 (Saskatchewan) contains an assurance provision that allows customers to recover losses due to the errors or omissions of the Registries. Concurrent with the execution of the MSA, the Company also entered into Registry Operating Agreements with the Government of Saskatchewan for each of the Registries. Each Registry Operating Agreement contains registry-specific terms and conditions respecting the operation of the applicable Registry, including, but not limited to, the fees ("Registry Fees") the Company may charge for the services applicable to each Registry and the allowable increases to those Registry Fees, minimum service levels applicable to each Registry and specific allocation of risk and liability associated with the operation of each Registry.

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 March 31, 2018, the liability was nil (December 31, 2017 — nil).

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

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

27 Subsequent Events

On May 3, 2018, the Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before July 15, 2018, to shareholders of record as of June 30, 2018.