Annual Report 2017

ISC

Information in the right hands.

2017 Highlights

	2017 results and progress	2018 guidance
Revenue	**$93.6M** compared to **$88.4M** in 2016	Targeting between **$124.0M** and **$130.0M**
EBITDA Margin	**32.1%** compared to **33.4%** in 2016	Targeting between **24.0%** and **26.0%**
CapEx	**$2.0M** compared to **$6.3M** in 2016	Targeting between **$4.0M** and **$6.0M**

- **ACQUISITIONS**

  Executed on growth strategy with three acquisitions to complement our business.

- **LEADERSHIP**

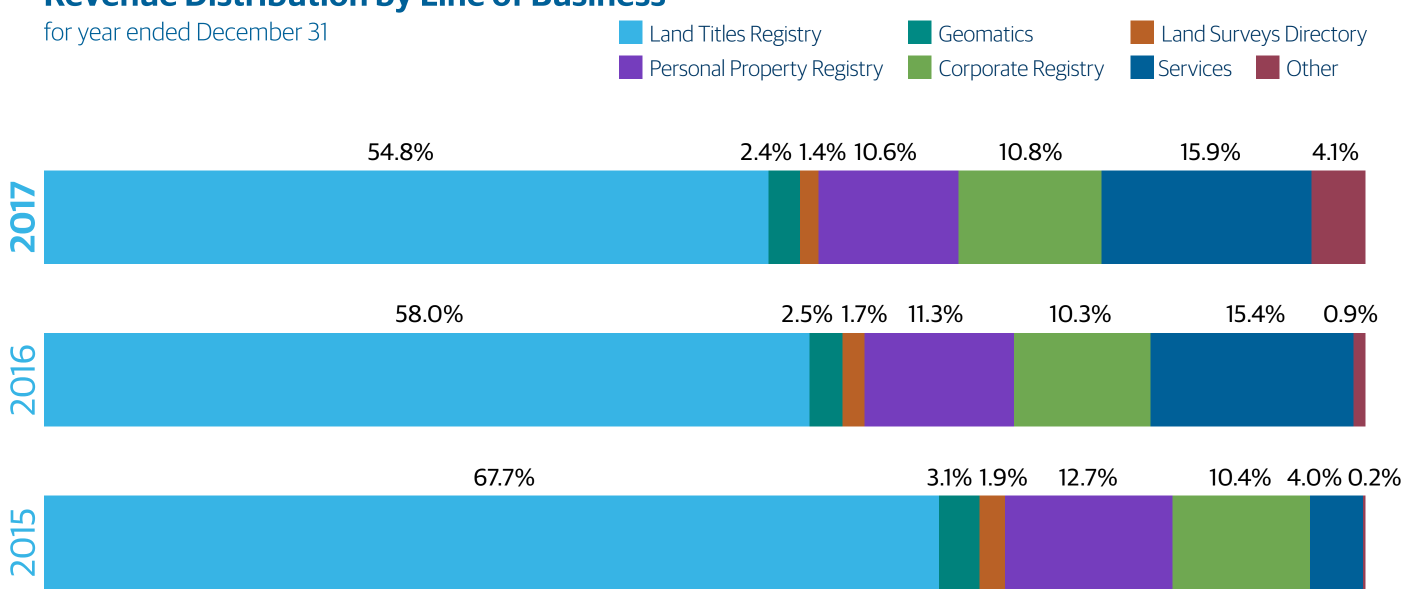
  An expanded leadership team to support Jeff Stusek, President & CEO of ISC, in advancing the business and future growth of the Company.

- **TECHNOLOGY**

  Renewed focus on technology solutions to position us to meet the wide array of client and customer needs.

Revenue Distribution by Line of Business

for year ended December 31



About Us

ISC (TSX:ISV) is the leading provider of registry and information management services for public data and records.

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

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Letter From Our Chair

Joel Teal
Chair, Board of Directors

We don't view our historical performance as a milestone; we view it as a benchmark.

Delivering shareholder value – in all its forms – has always been the primary focus of your Board of Directors. It is a guiding principle that shapes our strategic priorities and decisions. I'm pleased to report on our progress in creating value and our plans to continue to build the Company.

In measuring performance since our Initial Public Offering ("IPO") in July 2013, ISC has a very good story to tell. Our total shareholder return (including dividend payments) from our IPO to the end of 2017 was 62 per cent, which is 30 per cent higher than the performance of the Toronto Stock Exchange over the same period. It's a testament to the vision and efforts of President and CEO Jeff Stusek and his leadership group, who work to ensure our Company is driven to deliver value for all our stakeholders.

We don't view our historical performance as a milestone; we view it as a benchmark. To further improve performance, we need to ensure management has the tools to keep the Company growing, which fuelled our acquisition decisions in 2017. We'll continue to prudently evaluate opportunities that have accretive value for our existing operations or that add strategically to our lines of business. In each case, we'll assess the opportunities through the lens of delivering long-term value.

We recognize that delivering value has different definitions and we believe that proper governance and investing in our communities are building blocks in protecting and increasing the value of ISC.

Each year, ISC invests up to 1.5 per cent of our net income on community programs and partnerships. This has led to more than $1.0 million in support between 2013 and 2017 for over 300 organizations in the places we work and live. We have also built a strong local supply chain and have spent more than $103 million with companies who are our neighbours and customers, extending the value of ISC to a broader market.

We will continue to evolve and, as part of that, our leadership group will evolve as well. On behalf of our Board, I want to thank Michelle Ouellette, Q.C., who has served as a director since July 2013 and will step down at the next annual general meeting of shareholders. Michelle has made an invaluable contribution in establishing the direction and success of ISC.

Our Governance and Nominating Committee has identified two new nominees, Heather Ross and Laurie Powers, who have agreed to stand for election to the Board at the annual general meeting. Both are experienced leaders in the finance sector and have the ability to contribute to ISC in years to come. I encourage you to read their full biographies in the Management Information Circular, which is available on our website at www.company.isc.ca.

I am confident that our activities and decisions will support the continuing success of ISC. By maintaining our focus on delivering value, we will serve the needs of our shareholders, customers and communities.

Yours sincerely,

Joel Teal
Chair, Board of Directors

Letter From Our CEO

Jeff Stusek
President and Chief Executive Officer

While new services are exciting, we never lose sight of the importance of our core registry business, which continued to perform well.

ISC's quest to deliver value is shaped by two distinct forces: our promise to provide secure, dependable registry information services and our need to continually advance and expand the services we provide. In 2017, more than any year in our history, we achieved success in each area, resulting in improved financial performance and new opportunities to create greater value for our shareholders.

Our long-term, deliberate approach to assessing opportunities led to the successful acquisition of Enterprise Registry Solutions ("ERS"), in January 2017 – an ideal fit that brought additional leading technology and talent to ISC. With the addition of ERS's RegSys platform, we are able to offer new solutions to prospective clients and open doors to new business opportunities. Moreover, the full staff of ERS joined our ISC team and added the most precious resources in our industry: talent, experience and ideas. The combination of our two groups was immediately effective and prepared ISC to pursue further opportunities.

The strength and adaptability of the RegSys platform, along with the shared knowledge of our people, enabled us to introduce new online registry services for subject areas as diverse as intellectual property, securities, charities and Uniform Commercial Code. As a result, we entered into new agreements in early 2018 that will see us deliver registry services to the Province of Nova Scotia and the Companies Registration Office in Ireland. These partnerships reinforce our long-held belief that ISC can successfully market and deliver our products and services everywhere information matters, and we expect to see more organic growth over the course of 2018.

Growth and expansion through acquisition requires commitment to a long-term vision. Two years ago, ISC acquired ESC Corporate Services Ltd. to introduce new platforms and services. In 2017, we augmented this area of our operations by acquiring Alliance Online Ltd. in July and AVS Systems Inc. ("AVS") in December. These activities have made ISC a competitive player in providing automation software technology services to lending, leasing, and credit issuing businesses and institutions in Canada. By bringing together these complementary businesses, we are expanding our portfolio of services and finding new revenue-generating opportunities. We expect that our Services segment is also well positioned to see further organic growth in 2018 and beyond.

While new services are exciting, we never lose sight of the importance of our core registry business, which continued to perform well. We have a strong and mutually beneficial relationship with our key client, the Government of Saskatchewan, that is built on our ability to deliver secure, reliable service to end-use customers. We continually review the requirements of provincial legislation related to registry services, with an eye to ensuring not only compliance, but to discover new ways to deliver services on behalf of the Province of Saskatchewan that are efficient, accessible and cost-effective.

Managing costs is a top-of-mind concern for our leadership team. In 2017, we faced additional expenses related to our acquisitions, specifically with consolidation costs at the corporate level. To offset these higher costs, we implemented a number of changes, including ending certain contracts with external technology suppliers and bringing services in-house at a lower cost. We strive to balance our cost-conscious approach with an understanding that we must be competitive to attract the right talent at all levels of our organization. We will continue to monitor our cost centres and search for efficiencies without compromising our ability to deliver secure, reliable services to our customers.

In addition, we sold our 30 per cent ownership position in Dye & Durham Corporation for $25.0 million in October 2017, realizing a $15.4 million accounting gain before tax. While pleased with this investment, we believed it was the right time to divest so we could focus on other growth objectives, such as expanding the capability of our Services segment through the acquisition of AVS.

The combined result of our activities in 2017 was a year-over-year increase in revenue; earnings before interest, taxes, depreciation and amortization (EBITDA); and net income. We achieved an EBITDA margin of 32.1 per cent, which was well within our stated objective at the beginning of 2017.

To prepare the Company for the pursuit of new growth opportunities, I introduced organizational changes that better reflect the pillars for our future business success. Effective January 1, 2018, ISC operates along three distinct lines of business: Registry Operations, Technology Solutions, and Services. Each business line has its own leader and is supported by key shared functions such as Finance, Legal, Business Strategy, and People and Culture. This new structure reflects our belief in building on our long-standing success in registry services while adding technology and talent to address the evolving needs of our customers. I encourage you to read more about our structure and leadership team in the Management's Discussion and Analysis section that follows this letter.

As pleased as we are with the performance of 2017, we believe it is only a beginning. We will keep evolving and will use the lessons learned from recent acquisitions and partnerships to further advance the interests of ISC. I am a firm believer that there are always areas for improvement, and we will be relentless in building a service-driven company that capitalizes on our growing list of competitive advantages.

Across our Company, we are driven by a desire to live up to the expectations of our stakeholders. We are grateful for the leadership of a visionary Board of Directors, the support of our shareholders and the ongoing partnerships with our customers. On behalf of our leadership team and employees, I want to say thank you for your confidence in ISC.

Yours sincerely,

Jeff Stusek
President and Chief Executive Officer

Corporate Social Responsibility

We are entrusted with information vital to a progressive world; whether it be land titles, business registration or other public records, we are acutely aware of our responsibilities to safeguard and efficiently handle this information, both for today's immediate purposes and the demands of the historical record.

Throughout our history, we have committed to being a socially responsible corporate citizen. In this section of the Annual Report, we outline key elements of our approach to corporate social responsibility, and the actions we take to operate as a supportive neighbour in our communities.

2017 Highlights

$261,570
in community investment

87
community organizations supported

$26,170
employee fundraising for United Way

182
families honoured with an ISC Century Family Farm Award

Investing in our communities

At its heart, corporate social responsibility is about people. We directly support our colleagues, friends and neighbours in their efforts to better our communities.

Each year, we target contributing up to 1.5 per cent of our net income to supporting non-profit organizations, community initiatives and charitable causes that make a difference to the people and places we serve. Our community giving program is focused on preserving cultural heritage, encouraging economic growth and celebrating life events.

Our people giving back

United Way

Whether it is a community event, a fundraising campaign or other project, we are proud of our employees and their efforts to give back to the communities where they live, work and play.

One example is the United Way. Employees rally together each year in support of the United Way's annual campaign, with the Company pledging to match every dollar raised. In 2017, employee fundraising exceeded $26,000 through office events and individual donations.

Albert Community School (Regina)

Making a difference in the community takes more than dollars; it takes personal involvement.

A partnership with Regina's Albert Community School initially provided funding for technology and grew with ISC employees volunteering their time for computer training and student reading programs. A favourite annual holiday event at the school is the Santa Store – students can choose gifts for their families free of charge, from a selection of donated items which are wrapped on-site by ISC volunteers.

Community involvement

Century Family Farm award recipients, the Schulhauser family from Dysart, SK.

Honouring our roots – ISC Century Family Farm Awards

From the 1870s to the early 1900s, teams of surveyors fanned out across the plains and parklands to measure and mark the first subdivisions of land in what would become the province of Saskatchewan.

ISC is the custodian of the original Dominion Land Survey Field Books compiled by these early surveyors. There are more than 8,000 field books and 21 index books, together comprising 430,000 pages of historical information – including handwritten notes and drawings. ISC makes these and other resources available to anyone researching their family's history in the province.

One of the ways ISC celebrates this rich history is with our Century Family Farm Awards. The awards honour Saskatchewan families who have followed in the footsteps of their ancestors and farmed the same land continuously for 100 years or more.

Every year, families from across Saskatchewan join ISC at events held in Regina and Saskatoon in celebration of their farm's 100-year milestone achievement. Since the program was initiated in 2007, almost 4,100 families have received the ISC Century Family Farm Award.

Employees from ISC's Regina Customer Service Centre present a donation to the Canadian Red Cross.

ISC pledged a donation of $250,000 toward connection of the Trans Canada Trail. Jonathan Hackshaw, ISC Director of Corporate Communications and Investor Relations, with Trans Canada Trail Board Co-Chair, Valerie Pringle (left), and President & CEO, Deborah Apps, at the Saskatchewan Connection event.

Jeff Stusek with John Lee, President and CEO, of Economic Development Regina.

Local community support

We believe in offering a helping hand to the causes that are important to our people.

Annually, our eight Saskatchewan customer service centres each receive $2,000 to donate to the local charitable organization(s) of their choice – from grassroots charities to the local chapters of national non-profit organizations. Examples include:

- Canadian Mental Health Association
- Canadian Red Cross
- REACH (Regina Education and Action on Child Hunger)
- Moose Jaw Diversified Services
- Swift Current Lyric Theatre

To support our people in their personal efforts to better our communities, the Company may match up to $1,000 per employee, per year, toward their individual charitable contributions or fundraising efforts. We also encourage our people to be active in their community with one paid day per year for volunteering.

Celebrating Canadian Heritage – The Great Trail

ISC is a proud contributor to the Trans Canada Trail. Our $250,000 contribution over 5 years helped Saskatchewan become the fourth jurisdiction in Canada to meet its connection milestone, after the Yukon, Prince Edward Island and Newfoundland and Labrador.

As one of the keepers of Canada's historical heritage, it was appropriate that we help foster appreciation for our country's spectacular natural heritage by investing in infrastructure that helps people enjoy safe, affordable outdoor activity. The Great Trail is a great connector, stretching from prairie to pine, waterway to greenway. People can experience rural and city surroundings, ferry crossings and several of Saskatchewan's provincial parks.

Growing a vibrant community – Economic Development Regina

As one of 11 founding partners with Economic Development Regina (EDR), ISC has invested in the Regina Advantage campaign – supporting a vision of Regina prospering as a vibrant and diversified economy for investors, a strong destination experience for visitors, and a community of choice for residents.

Our work is the foundation for both individuals and corporations to support economic activity. EDR provides leadership for growth and diversification through retention and expansion of existing businesses and by encouraging investment, industry development and tourism.

Community involvement

The Saskatchewan Young Professionals and Entrepreneurs recognized ISC for its support of business programming for youth in the community.

ISC employees and their families were invited to an exclusive preview of Disney's the Little Mermaid at Globe Theatre in Regina as part of the Company's production sponsorship.

ISC proudly supported UnderstandUs to help the organization's objective to create awareness, suspend judgment, and improve the understanding of mental health in its entirety.

Entrepreneurs and business growth

Business registration and associated services are often the first steps entrepreneurs take when getting their ventures off the ground. ISC provides these services as part of our core registry business in Saskatchewan. We also support the vision and energy of our entrepreneurs by sponsoring programs for professional growth and events that recognize their accomplishments. Examples include:

- First Nations University of Canada – Aboriginal Youth Entrepreneurship Camp
- Enactus Regina/Prince's Operation Entrepreneur – Entrepreneurial Boot Camp
- Women Entrepreneurs of Saskatchewan – Innovation Through Technology Conference
- Square One/Saskatoon Regional Economic Development Authority
- Saskatchewan Young Professionals and Entrepreneurs

Art, education and sport

Healthy communities are ones where education is honoured, artists are held in high esteem, and physical activity is a priority. ISC supports our artists, educators, students and athletes. We recognize how they foster knowledge and expertise, create works that engage and enrich our experience, and deliver performances that inspire us. Examples of organizations and events supported include:

- Globe Theatre
- MacKenzie Art Gallery
- File Hills Qu'Appelle Tribal Council – Saskatchewan First Nations Summer Games
- University of Saskatchewan – RCC Cuming Prize in Commercial Law
- Hill Business School – JDC West

Health and home

ISC contributes to our communities' capacity to foster healthy people by supporting organizations that provide important services for the most vulnerable among us. Examples include:

- Kinsmen Telemiracle
- UnderstandUs
- Habitat for Humanity
- Family Service Regina
- STARS Air Ambulance

The Way Forward

As our aspirations take ISC beyond our home province's borders, we carry our Saskatchewan roots with us – never forgetting where we came from. We know our success depends on how well we support each other, both collectively and personally.

Management's Discussion and Analysis

For the Fourth Quarter and Year Ended December 31, 2017

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1 Introduction

This Management's Discussion and Analysis ("MD&A") for Information Services Corporation ("ISC") discusses our financial and operating performance, business indicators and outlook from management's viewpoint.

This document should be read in its entirety and is intended to complement and supplement ISC's Consolidated Financial Statements for the years ended December 31, 2017, and 2016. Additional information, including our Annual Information Form for the year ended December 31, 2017, is available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com.

This MD&A contains information from our audited Consolidated Financial Statements (the "Financial Statements") for the years ended December 31, 2017, 2016, and 2015, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards ("IAS") Board. The financial information that appears throughout our MD&A is consistent with the Financial Statements.

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

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

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

This MD&A is current as of March 13, 2018.

2 Responsibility for Disclosure

The Board of Directors ("Board") of ISC is responsible for review and approval of this disclosure.

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

3 Caution Regarding Forward-Looking Information

Certain statements in this MD&A and certain information incorporated by reference herein contain forward-looking information within the meaning of applicable Canadian securities legislation. The purpose of the forward-looking information is to provide a description of management's expectations regarding future events or developments and may not be appropriate for other purposes.

Forward-looking information which may be found in this MD&A includes, without limitation, those contained in the "Outlook" section hereof, and management's expectations, intentions and beliefs concerning the industries in which we operate, business strategy and strategic direction, growth opportunities, integration, contingent consideration, development and completion of projects, the competitive landscape, seasonality, our future financial position and results, capital and operating expectations, projected costs, the impact of certain payments to the Government of Saskatchewan, access to financing, debt levels, free cash flow, expectations for meeting future cash requirements, the economy and the real estate market, reporting currency and currency fluctuations, dividend expectations, and other plans and objectives of or involving ISC. The words "may", "will", "would", "should", "could", "expect", "plan", "intend", "trend", "indicate", "anticipate", "believe", "estimate", "predict", "project", "targets", "strive", "strategy", "continue", "likely", "potential" or the negative or other variations of these words or other comparable words or phrases are intended to identify forward-looking information.

Forward-looking information is based on estimates and assumptions made by us in light of ISC's experience and perception of historical trends, current conditions and expected future developments, as well as other factors that ISC believes are appropriate and reasonable in the circumstances. There can be no assurance that such estimates and assumptions will prove to be correct. Certain assumptions with respect to our ability to implement our business strategy, compete for business (other than our exclusive service offerings to the Government of Saskatchewan), market our technology assets and capabilities, as well as business and economic conditions, availability of financing, the value of the Canadian dollar, consumer confidence, interest rates, level of unemployment, inflation, the real estate market in Saskatchewan, liabilities, income taxes, our ability to attract and retain skilled staff, the extent of any labour, equipment or other disruptions, goodwill and intangibles are material factors in preparing forward-looking information.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking information. Factors that could cause our actual results or events to differ materially from those expressed or implied by such forward-looking information, include, without limitation, the following: changes to or loss of the MSA (as that term is defined herein) and potential disagreements with the Government of Saskatchewan; limitations on our ability to increase fees under the MSA; reliance on key customers and licences; dependence on key projects and clients, securing new business and fixed-price contracts; changes in economic, market and other conditions; reliance on information technology systems; ability to realize growth opportunities, including the ability to complete and integrate new acquisitions and to secure contracts to provide new service offerings; ability to manage our foreign operations; competition for service offerings (other than our exclusive service offerings to the Government of Saskatchewan); undisclosed liabilities acquired pursuant to past or future acquisitions; ability to attract and retain qualified personnel; ability to obtain future financing; failure to protect our intellectual property rights; legislative changes; changes in anticipated tax liabilities; risk of litigation; adequacy of our insurance coverage; reliance on third-party suppliers or other contractors; adverse changes in labour relations; liability to the Government of Saskatchewan; any compromise to the integrity or security of our information assets; any failure in our financial reporting safeguards or internal controls; ownership restrictions and director appointment rights and restrictions under *The Information Services Corporation Act* (Saskatchewan); and our ability to continue to pay dividends. You should consider these factors carefully. We caution that the foregoing list is not exhaustive. Other events or circumstances could cause actual results to differ materially from those estimated or projected and expressed in, or implied by, this forward-looking information. See "Business Risks and Risk Management".

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

You should not place undue reliance on forward-looking information contained herein.

4 Consolidated Highlights

4.1 Fourth Quarter Consolidated Highlights

- Revenue was $23.6 million for the three months ended December 31, 2017, an increase of $2.4 million compared to $21.2 million for the three months ended December 31, 2016.
- EBITDA (earnings before interest, taxes, depreciation and amortization expense) for the fourth quarter of 2017 was $7.8 million compared to $6.8 million in the same quarter last year, an increase of $1.0 million.
- The EBITDA margin for the fourth quarter of 2017 was 33.2 per cent compared to 32.2 per cent in the same quarter in 2016.
- Adjusted EBITDA was $9.0 million for the fourth quarter compared to $7.3 million in the same quarter last year, with an adjusted EBITDA margin of 38.0 per cent for the quarter compared to 34.6 per cent in the fourth quarter of 2016. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.
- Net income for the three months ended December 31, 2017, was $18.8 million or $1.07 per basic and diluted share. In the fourth quarter of 2016, net income was $2.9 million or $0.17 per basic and diluted share. The increase in net income and earnings per share was largely due to the impact of the $15.4 million accounting gain before tax on the sale of our 30.1 per cent ownership interest in Dye & Durham Corporation ("Dye & Durham" or "D&D") for $25.0 million in cash on October 5, 2017. Without the impact of the gain, net income would have been $5.4 million or $0.31 per basic and diluted share. Also contributing to the increase in net income and earnings per share was the impact of a one per cent increase in substantively enacted future corporate tax rates by the Saskatchewan government in December 2017. This resulted in a reduction in deferred income tax expense in the current period of $1.4 million, an increase of $0.08 per basic and diluted share. This tax increase reversed a previously announced reduction which impacted our third quarter of 2017.
- On December 21, 2017, the Company through its wholly owned subsidiary ESC Corporate Services Ltd. ("ESC"), acquired all of the issued and outstanding shares of AVS Systems Inc. ("AVS"). AVS provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. The Company paid $25.0 million in cash on closing. The Company may 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.
- On November 7, 2017, our Board declared a quarterly cash dividend of $0.20 per Class A Share, paid on or before January 15, 2018, to shareholders of record as of December 31, 2017.

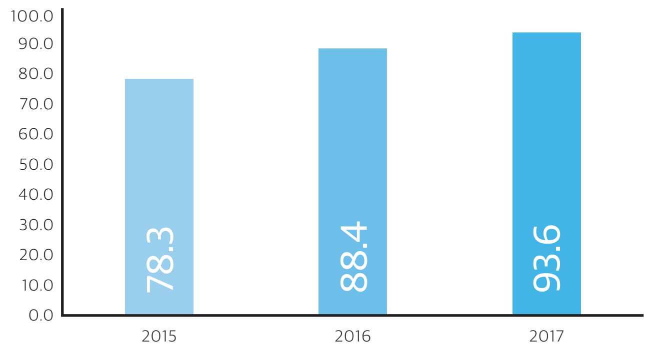
4.2 Year-End Consolidated Highlights

- Revenue was $93.6 million for the year ended December 31, 2017, an increase of 5.9 per cent compared to $88.4 million for the year ended December 31, 2016.
- EBITDA for the year ended December 31, 2017, was $30.0 million compared to $29.5 million in the same period last year.
- Our EBITDA margin for the year ended December 31, 2017, was 32.1 per cent compared to 33.4 per cent in 2016.
- Adjusted EBITDA was $33.4 million for the year ended December 31, 2017, compared to $33.5 million in the same period last year, with ISC generating an adjusted EBITDA margin of 35.7 per cent for the period compared to 37.9 per cent in the year ended December 31, 2016. EBITDA was adjusted for stock-based compensation expense or income, stock option expense, transactional gains and losses on assets, and acquisition and integration costs.
- Net income for the year ended December 31, 2017, was $27.8 million or $1.59 per basic and $1.58 per diluted share. For 2016, net income was $15.5 million or $0.89 per basic and $0.88 per diluted share. The increase in net income and earnings per share was mainly due to the impact of the $15.4 million accounting gain before tax on the sale of our 30.1 per cent ownership interest in D&D on October 5, 2017. Without this gain, net income would have been $14.4 million or $0.82 per basic and diluted share.
- On January 23, 2017, we acquired all issued and outstanding common shares of Enterprise Registry Solutions Ltd. ("ERS"), a global leader in the development and implementation of registry technology. The Company completed the transaction with $14.3 million of the purchase price paid on closing of the transaction and up to €5.0 million in additional consideration contingent on the retention of existing leadership and realization of future business. The purchase price was financed through a combination of cash and $10.0 million of debt.
- In March 2017, we contributed additional capital of $2.5 million, representing slightly more than our pro rata share of an equity raise by Dye & Durham, raising our ownership interest to 30.1 per cent. These funds were used to finance certain growth activities of Dye & Durham. On October 5, 2017, we sold our interest in Dye & Durham.
- On June 1, 2017, through our wholly owned subsidiary, ESC Corporate Services Ltd. ("ESC"), we acquired all issued and outstanding common shares of Alliance Online Ltd. ("Alliance"), a personal property, corporate and land registry search and submission provider located in Mississauga, ON, for a purchase price of $1.0 million plus working capital of $0.1 million.

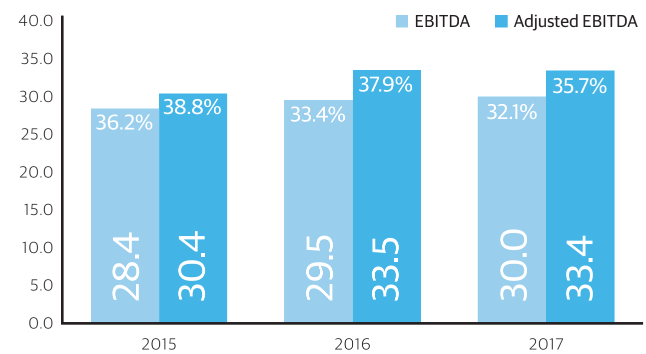
4.3 Subsequent Events

- On March 13, 2018, our Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before April 15, 2018, to shareholders of record as of March 31, 2018.

Consolidated Revenue
for the year ended December 31,
(CAD$ millions)



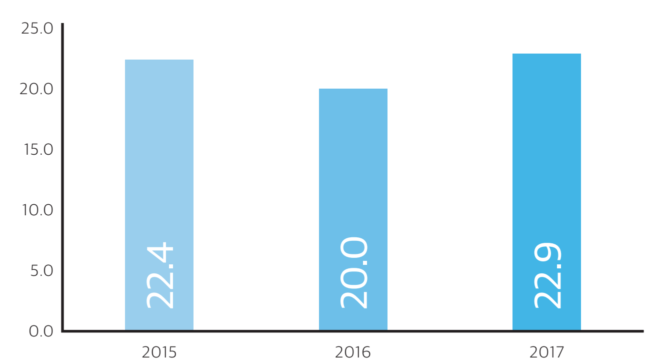
Consolidated EBITDA[1] and Adjusted Consolidated EBITDA[1]
for the year ended December 31,
(CAD$ millions)



[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures by other corporations. Refer to section 22 "Non-IFRS Financial Measures".

Percentages expressed represent the EBITDA and adjusted EBITDA margin percentages, respectively.

Consolidated Free Cash Flow[1]
for the year ended December 31,
(CAD$ millions)



[1] ISC has changed the recognition of current income taxes within the definition of free cash flow to match the balance recognized on the statement of comprehensive income. Comparative figures for 2015 and 2016 have been updated accordingly. Free cash flow is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures by other corporations. Refer to section 22 "Non-IFRS Financial Measures."

4.4 Select Consolidated Financial Information

The select annual financial information set out for the years ended December 31, 2017, 2016, and 2015, is derived from ISC's Consolidated Financial Statements and has been prepared on a consistent basis. In the opinion of the Company's management, such financial data reflects all adjustments necessary for a fair presentation of the results for those periods. It should be noted that (i) the 2017 and 2016 results each include a full financial year for ESC, which was acquired on October 1, 2015, as compared to 2015, which only included ESC's results for the fourth quarter and (ii) the 2017 results include ERS starting January 23, 2017, and AVS starting December 21, 2017. In addition, the 2017 results exclude the Company's share of profit in Dye & Durham in the fourth quarter of 2017 as the shares were sold on October 5, 2017 and instead include the gain on the sale of the shares.

			Year Ended December 31,
(thousands of CAD dollars)	**2017**	2016	2015
Revenue	$ 93,592	$ 88,375	$ 78,318
Net income	27,789	15,503	15,917
EBITDA[1]	$ 30,015	$ 29,529	$ 28,364
Adjusted EBITDA[1]	33,403	33,454	30,386
EBITDA margin (% of revenue)[1]	32.1%	33.4%	36.2%
Adjusted EBITDA margin (% of revenue)[1]	35.7%	37.9%	38.8%
Free cash flow[2]	$ 22,918	$ 19,993	$ 22,403
Dividend declared per share	$ 0.80	$ 0.80	$ 0.80
Earnings per share, basic[3]	1.59	0.89	0.91
Earnings per share, diluted[3]	1.58	0.88	0.90

			As at December 31,
	2017	2016	2015
Total assets	$ 171,825	$ 131,321	$ 136,277
Total non-current liabilities	$ 45,202	$ 25,637	$ 27,345

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin and free cash flow are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section 22 "Non-IFRS Financial Measures". The 2017 EBITDA figure does not include the gain from our sale of ownership in D&D.

[2] ISC has changed the recognition of current income taxes within the definition of free cash flow to equal the balance recognized on the statement of comprehensive income. Comparative figures for 2015 and 2016 have been updated accordingly.

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

4.5 Significant Acquisitions

During the year, the Company completed the acquisition of three entities: ERS, Alliance and AVS. Details around our significant acquisitions are below. Refer to Note 23 of our financial statements for more information pertaining to our acquisitions.

ERS

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.

AVS

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 $14.8 million at December 31, 2017 and is recorded in other long-term liabilities. A Business Acquisition Report was filed on SEDAR in relation to the AVS acquisition on March 5, 2018.

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.

5 Business Overview

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

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

5.1 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.

ISC operates two reportable segments, defined by their primary type of service offerings, namely Registries and Services. The Registries segment includes the provision of registry services with our core business commitment to the Government of Saskatchewan outlined in a 20-year Master Service Agreement ("MSA"). Our Services segment contains the product and services we provide to legal and financial institutions through ESC. The balance of our corporate activities and shared services functions, including the services and products provided by ERS, are reported as Corporate.

As further outlined in section 6 "Business Strategy", with the acquisitions in 2017 and additions to our management team, beginning in 2018, the Company will organize into three segments – Registry Operations, Technology Solutions and Services. Commencing in the first quarter of 2018, we will present our results under these three segments.

5.2 Registries Segment

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

Currently, ISC provides registry and information services to the Province of Saskatchewan under a 20-year MSA and is the exclusive full-service solution provider of the Saskatchewan Land Registry, the Saskatchewan Personal Property Registry, the Saskatchewan Corporate Registry, the Common Business Identifier Program and the Business Registration Saskatchewan Program in Saskatchewan (collectively, the "Saskatchewan Registries").

For all services in this segment, competitors include infrastructure funds and private equity firms as well as information services companies, registry software providers and other such information-based companies that develop and provide software platforms to manage registry and related information services. These types of companies may compete with ISC by acting as, or partnering with, businesses that can provide other required processes, such as customer service and delivery, in conjunction with software platforms to provide full-service solutions.

Saskatchewan Land Registry

The Saskatchewan Land Registry ("Land Registry") includes the Saskatchewan Land Titles Registry ("Land Titles Registry"), Saskatchewan Land Surveys Directory ("Land Surveys") and Saskatchewan Geomatics services ("Geomatics").

Saskatchewan Land Titles Registry

The Land Titles Registry issues titles to land and registers transactions affecting titles, including changes of ownership and the registration of interests in land, in the Province of Saskatchewan. The Land Titles Registry provides access to timely and reliable land ownership information to support new and used home sales, land and home development transfers and other value-added transactions. Its primary users include law firms, financial institutions, developers and resource companies.

Because the Land Titles Registry revenue is comprised of both residential and non-residential activity, mortgage rates and business lending rates may affect revenue. Changes in land values, provincial population and mortgage qualifying requirements also affect the housing market which, in turn, influences changes of ownership and revenue.

Revenue for the Land Titles Registry is earned through registration, search and maintenance fees. Registration fees are either a flat fee or value-based, calculated as a percentage of the value of the land and/or property being registered. We typically charge a flat fee per transaction for search and maintenance transactions. However, in certain instances, we may charge a negotiated fee for a customized search or maintenance transaction such as certain mineral certification or bulk data requests.

Approximately 79.9 per cent of all Land Titles Registry registration transactions were submitted online in 2017.

Saskatchewan Land Surveys and Geomatics

Land Surveys registers land survey plans and creates a representation of Saskatchewan land parcels in the cadastral parcel mapping system. Land survey plans define the geographic boundaries of land parcels throughout Saskatchewan, while the cadastral parcel mapping system depicts the land survey system with surface and mineral ownership parcel boundaries.

Our customers include surveyors, developers, resource companies and other businesses that require our mapping systems and survey plans to support their development plans.

Land Surveys services include registrations, searches and related survey services. Revenue related to all services is earned as a flat fee per transaction.

Geomatics manages geographic data related to the cadastral parcel mapping system, which is integrated with the Land Titles Registry and Land Surveys. Geomatics data is searchable by the public and provides the cadastral and derived data used to produce the Saskatchewan provincial base map for land-related activities within the province. The services provided vary considerably.

Geomatics customers include government departments (provincial and municipal), resource companies, land developers, utility, pipeline and transportation companies, and the public.

Unlike the other services offered within the Land Registry, Geomatics generates revenue mainly through value-added services. Fees for Geomatics services are typically negotiated per transaction based on the type and nature of services required. For example, ISC receives a service fee from the Saskatchewan Ministry of Government Relations for hosting the Saskatchewan Civic Address Registry, a province-wide civic address registry and an online maintenance system but does not receive transaction-based fees related to the use of the portal.

We also provide Geomatics services for land-related data and applications. For example, ISC developed the Mineral Administration Registry Saskatchewan ("MARS") for the Saskatchewan Ministry of the Economy, which provides an online system for issuing and administering Crown land mineral dispositions throughout Saskatchewan and eliminates the need to physically stake Crown mineral claims. We have been hosting and supporting MARS since 2015 in exchange for a service fee.

Saskatchewan Personal Property Registry

The Saskatchewan Personal Property Registry ("Personal Property Registry") is a notice-based public registry in which security interests and other certain interests in personal property (property other than land, buildings and other property affixed to land) may be registered. The Personal Property Registry enables lenders as well as buyers of personal property, such as motor vehicles, to search for information such as security interests registered against an individual, business or personal property used as collateral. Buyers and lenders search the Personal Property Registry to verify there are no outstanding notices of third-party interests in personal property.

General provincial economic drivers, including automotive sales, interest rates and the strength of commercial activity across the province, influence the revenue in the Personal Property Registry.

Our customers include third-party providers to the financial industry, financial institutions, insurance companies, law firms, equipment and auto dealers, and auctioneers.

Customers are charged flat fees per transaction and the automated web-based system enables real-time completion of search and registration services as well as minimizes operational effort to deliver services.

Customers complete 99.6 per cent of searches in the registry online. The high online usage is stable with minimal numbers of end-use consumers needing staff assistance to complete their transactions.

Saskatchewan Corporate Registry

The Saskatchewan Corporate Registry ("Corporate Registry") is a province-wide system for registering business corporations, non-profit corporations, co-operatives, sole proprietorships, partnerships and business names. Every corporation must be registered in the Corporate Registry to maintain its legal status and carry on business within Saskatchewan. Records on all Saskatchewan businesses are maintained and made available to the public through the Corporate Registry.

Our customers include law firms, financial institutions, accountants, non-profit and co-operative associations, and entrepreneurs.

Services are billed as flat fees for each transaction. Unlike our other registries, the Company earns most of its fees in the Corporate Registry in relation to maintenance services provided to business entities that file annual returns or wish to make changes to their structure or profile.

On July 11, 2016, ISC launched a new technology system for the Corporate Registry, updating the registry's technology platform and providing customers a more convenient service to search, register and maintain corporate entities in Saskatchewan. The RegSys platform, a system we sell through ERS, has many benefits, including online submission of all filings and immediate registration for most transactions. The online application also offers access to digitally verified registry documents and options for customers to self-manage staff access. Approximately 86.4 per cent of all registrations in the Corporate Registry were submitted online in 2017. A number of permanent changes to the services and fee structure were implemented with the launch of the system.

Common Business Identifier Program and Business Registration Saskatchewan Program

The Common Business Identifier Act (Saskatchewan) provides the framework and authority for Saskatchewan to expand the use of the Canada Revenue Agency Business Number as the common business identifier for business entities that interact with participating public-sector programs in Saskatchewan.

Business Registration Saskatchewan provides a single online point of access that enables new businesses to integrate with other government agencies and complete the initial steps to register in the Corporate Registry, register as an employer with Saskatchewan Workers' Compensation Board and register for Provincial Sales Tax with the Saskatchewan Ministry of Finance.

ISC earns an annual operating fee under the Programs Operating Agreement for the Common Business Identifier and Business Registration Saskatchewan Programs, entered into under the amendment to the MSA announced on March 7, 2016. The operating fee is subject to an annual Consumer Price Index adjustment calculated in accordance with the MSA. We do not currently charge any additional fees for business owners who register through Business Registration Saskatchewan.

Saskatchewan Asbestos Registry

On November 7, 2013, Saskatchewan proclaimed legislation requiring mandatory reporting of public buildings known to contain asbestos. The Saskatchewan Asbestos Registry of Public Buildings was created to share information about public buildings containing asbestos.

In 2015, we completed the development and implementation of the Saskatchewan Asbestos Registry, which was launched on May 4, 2015, and entered into an agreement with the Saskatchewan Ministry of Labour Relations and Workplace Safety to host and support the Asbestos Registry. ISC receives a monthly service fee for hosting and managing this registry.

5.3 Services Segment

Our Services segment provides products and services through ESC. ESC delivers industry-leading solutions uniting public record data, customer authentication, corporate legal services and collateral management to support optimal lending practices through innovation, technology and deep domain expertise. The business has offices in Toronto, ON, Montreal, QC and Vernon, BC.

In June 2017, ESC acquired Alliance, a personal property, corporate, and land registry search and submission provider. In December 2017, ESC acquired AVS, based in Vernon, BC. AVS provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. With the addition of AVS, our Services segment is now positioned to serve the full credit-lending cycle and deliver proven credit due diligence, protection and default solutions to the Canadian financing industry. Both Alliance and AVS were amalgamated with ESC upon closing of the respective transactions.

Through these acquisitions, our Services segment has expanded its customer base and strategic partnerships with large financial institutions and auto and equipment finance companies across Canada to broaden its existing market share in the competitive collateral management business. We now distinguish ourselves from our competitors through a robust technology platform that provides a fully automated workflow for our clients.

Revenue derived from our Services segment is linked to clients and the business they undertake across Canada. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities, which drives activity for our Services segment. Other key drivers for this segment include increased regulatory and compliance requirements for financial institutions as well as the growing trend to outsource business processes and services to realize cost savings and focus on their core businesses without compromising service quality.

We report revenue from our Services segment's products and services in three distinct categories: search and registration services (which now also includes services provided by AVS), Know-Your-Customer ("KYC") services and corporate supplies. Services provided have two revenue components: transactional fees and per unit charges. We earn revenue through transaction fees for all search and registration products as well as KYC services. All government fees associated with the service are either embedded in the search fee or charged in addition to the service transaction fee. Corporate supplies are charged a per unit fee in the same manner as a product in a retail transaction. We do not earn any subscription-based fees relating to any of our Services segment products.

With the addition of AVS in our Services segment, in 2018 we will simplify the way in which we report revenue for our Services segment. This will allow us to better reflect the business by the industries and customers we serve. The three categories of search and registration, KYC and corporate supplies will be consolidated to two categories, namely Legal Support Services and Financial Support Services. Legal Support Services revenue will consist of revenue from the corporate supplies business as well as search and registration services provided to our legal customers. Financial Support Services will consist of search and registration, KYC and other services ESC provides to non-legal customers, such as financial institutions and auto finance companies.

Our competitors in the Services segment vary by market and geography. Competitors primarily include other intermediaries and suppliers to legal professionals and financial institutions, offering national ordering and fulfilment platforms. Our search and registration services for professional firms compete with similar service companies, providing additional value through convenience and intermediation of various public registries.

In Ontario, the Ontario Business Information System ("ONBIS") licence holders make up most of the competition alongside a few smaller vendors. In Quebec, the competition includes similar service providers active in that market exclusively. In the financial services marketplace, we compete against a small number of distinctly different service providers, all of whom offer additional services beyond our KYC programs. For corporate supplies, we have a small number of competitors supplying the legal market with customized products, while the consumer market is typically serviced by big box office supply retailers. We also service the consumer market through direct supply relationships with office products providers.

Our Services segment is sufficiently diversified with little seasonality to its revenue performance.

Search and Registration Services

We provide nationwide search and registration services for our customers directly or indirectly. We provide search services, including corporate, business name, personal property, real property, corporate name search reports (also known as NUANS[1] reports), trademark and the *Bank Act* (Canada) primarily to legal professionals. Registration and filing services include personal property, trademark, business incorporations, amendments, and amalgamations that we provide to legal professionals as well as financial service businesses and institutions.

The Company has built an online workflow platform to service legal customers through a team of experienced law clerks in both Ontario and Quebec able to provide full-service public registry solutions to support business and complex legal transactions. The Company's proven technology for fully automated workflow also satisfies many of the most sophisticated financial institutions in Canada.

We benefit from ESC's status as one of three official service providers under the ONBIS licence to the Government of Ontario's Ministry of Government Services. This licence is currently renewed on a three-year term until January 2020 with an optional two-year extension. ESC also holds licences with the Government of Ontario to distribute and register *Personal Property Security Act* ("PPSA") searches and registrations, as well as the Government of Quebec's Corporate Registry ("REQ") and Corporations Canada for registering corporations directly within each of these two registry systems. ESC is one of two licensees directly integrated into the REQ database for providing full-service search and registration transactions in Quebec.

Know-Your-Customer Services

We support customers' due diligence activities for compliance purposes and credit service solutions through the verification, storage and retrieval of corporate and business information compiled and obtained from public registry sources such as corporate registry, personal property registry, land registry, litigation, bankruptcy and *Bank Act* searches. These services are provided primarily to financial and credit institutions.

We use our proprietary platform for financial institutions and companies in the financial services sector to on-board new commercial accounts while remaining compliant with Canadian KYC and Anti-Money Laundering regulations captured under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada). The customer on-boarding verification reports we generate leverage our search service to provide our clients with a process and system to verify, retrieve and store information about corporate clients to meet these regulatory requirements.

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

Corporate Supplies

The corporate supplies provided by our Services segment help companies to effectively organize and maintain their corporate legal documents. These products are sold and distributed primarily to legal professionals and law firms and include customized corporate minute books, corporate seals, share certificates, legal supplies and related ancillary accessories for businesses and corporations.

6 Business Strategy

Strategic Priorities

ISC's goal is to deliver value to shareholders through the consistent performance of its existing business and the execution of appropriate growth opportunities. The Company has identified the following key strategic priorities to support the achievement of this goal:

- To be the global leader in registry operations and solutions and the Canadian leader in provision of value-add services utilizing public data and records;
- To deliver organic revenue growth over three years with continued emphasis on EBITDA growth, and increasing revenue from our products, registry expertise and advisory services; and
- To provide enhanced customer experience for those interacting with ISC, registry systems and registry information.

Organizational Structure

On October 12, 2017, ISC announced an expanded leadership team to support our evolving business as well as our strategic priorities. In addition, the Company also noted that there would be an increased emphasis on technology solutions to complement the existing Registries and Services businesses. These changes position us to meet the wide array of client and customer needs for registry and related information services solutions.

Beginning in 2018, we will organize into three segments – Registry Operations, Technology Solutions and Services. A functional summary of these three segments is as follows:

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

As a result, we will commence reporting these segments with the disclosure of our first quarter 2018 financial results. These segments will replace our current reporting format as described in section 5.1 "Segment Information".

7 Results of Operations

Consolidated Statements of Comprehensive Income

(thousands of CAD dollars)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue	$ 23,589	$ 21,201	$ 93,592	$ 88,375
Expenses:				
Wages and salaries	7,913	8,214	32,802	28,008
Information technology services	2,093	2,432	10,179	9,602
Depreciation and amortization	1,792	2,955	7,507	8,429
Occupancy costs	1,295	1,284	5,292	4,992
Professional and consulting services	711	1,607	4,511	5,564
Cost of goods sold	1,378	779	4,141	3,586
Financial services	683	510	2,235	2,362
Project initiatives	1,005	(298)	2,823	3,214
Other	669	765	2,204	2,172
Total expenses	17,539	18,248	71,694	67,929
Net income before items noted below	6,050	2,953	21,898	20,446
Finance (expense) income				
Interest income	172	68	369	256
Interest expense	(247)	(142)	(876)	(577)
Net finance expense	(75)	(74)	(507)	(321)
Share of profit (loss) in associate	–	(925)	610	1,654
Change in contingent consideration	–	–	–	(1,000)
Gain on sale of associate	15,438	–	15,438	–
Income before tax	21,414	3,804	37,439	20,779
Income tax expense	(2,640)	(885)	(9,650)	(5,276)
Net income	$ 18,774	$ 2,919	$ 27,789	$ 15,503
Other comprehensive income (loss)				
Unrealized gain (loss) on translation of financial statements of foreign operations	193	–	429	–
Change in fair value of marketable securities (net of tax)	(2)	–	(39)	–
Other comprehensive income (loss) for the period	191	–	390	–
Total comprehensive income	$ 18,965	$ 2,919	$ 28,179	$ 15,503

7.1 Fourth Quarter Results

Consolidated Revenue

Revenue was $23.1 million for the three months ended December 31, 2017, an increase of $2.4 million compared to the same period in 2016.

(thousands of CAD dollars)	Segments: Registries	Segments: Services	Segments: Corporate	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	$ 13,762	$ –	$ –	$ 13,762	$ 13,038
Personal Property Registry	2,294	–	–	2,294	2,273
Corporate Registry	2,468	–	–	2,468	2,254
Registries revenue	18,524	–	–	18,524	17,565
Services revenue	–	4,035	–	4,035	3,427
Other revenue	–	–	1,030	1,030	209
Total revenue	$ 18,524	$ 4,035	$ 1,030	$ 23,589	$ 21,201

Registries

Overall

Revenue for our Registries segment was $18.5 million for the three months ended December 31, 2017, an increase of $1.0 million or 5.5 per cent compared to the fourth quarter in 2016. Overall fourth quarter revenue was higher primarily due to increased revenue from the Land Titles Registry and Corporate Registry.

Land Registry

Revenue for the Land Registry was $13.8 million for the quarter ended December 31, 2017, an increase of 5.5 per cent compared to the same period in 2016.

(i) Land Titles Registry

Land Titles Registry revenue for the fourth quarter of 2017 was $12.9 million, a rise of $0.8 million or 6.3 per cent compared to the same period in 2016. This was mainly due to stronger high-value property registration revenue. Each high-value registration generated revenue of $10,000 or more. Revenue from these types of registrations was a record $1.9 million for the quarter with two unusually high-value transactions accounting for $0.6 million in revenue.

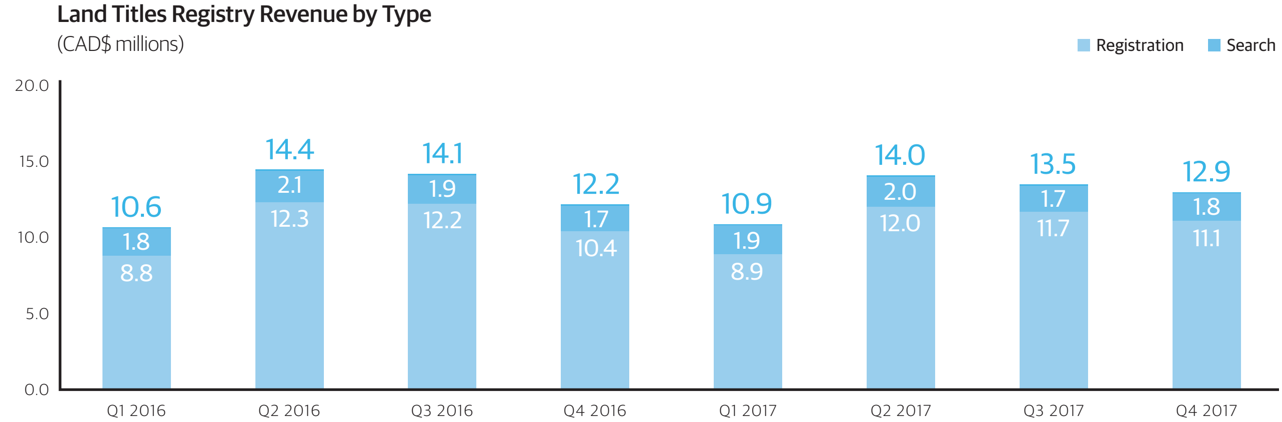
Most of the revenue in the Land Titles Registry is derived from value-based fees. Average land values increased by 1.7 per cent in the fourth quarter after removing the effect of the two unusually high-value transactions noted above.

Overall transaction volumes grew by 3.8 per cent for the fourth quarter of 2017 compared to the same period last year, partly due to a rise in resource sector interest transactions. The volume of regular land transfers and title searches grew by 1.7 per cent and 3.3 per cent, respectively, compared to the same period in 2016. The volume of mortgage registrations continued to show a decline, down 15.8 per cent for the quarter compared to the same period in 2016.

The following graphs show the Land Titles Registry revenue by type of transaction and the overall transaction volume, respectively. Seasonality remains consistent year-over-year with the fourth quarter typically generating slightly less revenue than the third quarter. For more information on seasonality, please refer to section 8 "Summary of Consolidated Quarterly Results".

Land Titles Registry Revenue by Type

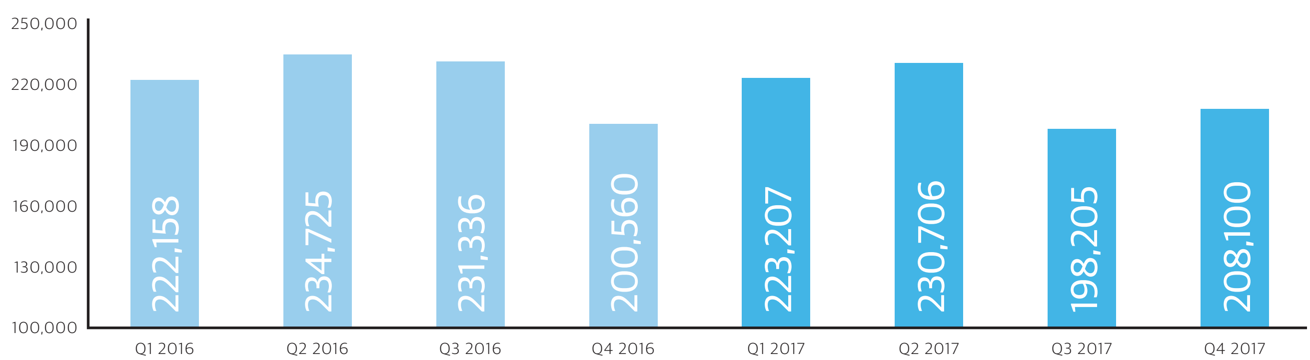
(CAD$ millions)



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

Land Titles Registry Transaction Volume

(Number of transactions)



(ii) Land Surveys and Geomatics

Collectively, the revenue from Land Surveys and Geomatics was $0.8 million for the fourth quarter, a decrease of 5.1 per cent compared to last year.

Revenue from Land Surveys was down 9.7 per cent for the fourth quarter, or $32 thousand in 2017, compared to the same period in 2016. This was primarily due to a decline in services revenue, down 43.5 per cent, or $25 thousand, on lower volumes.

Geomatics revenue was down 2.4 per cent compared to the same quarter in 2016 due to lower requests for geomatics services.

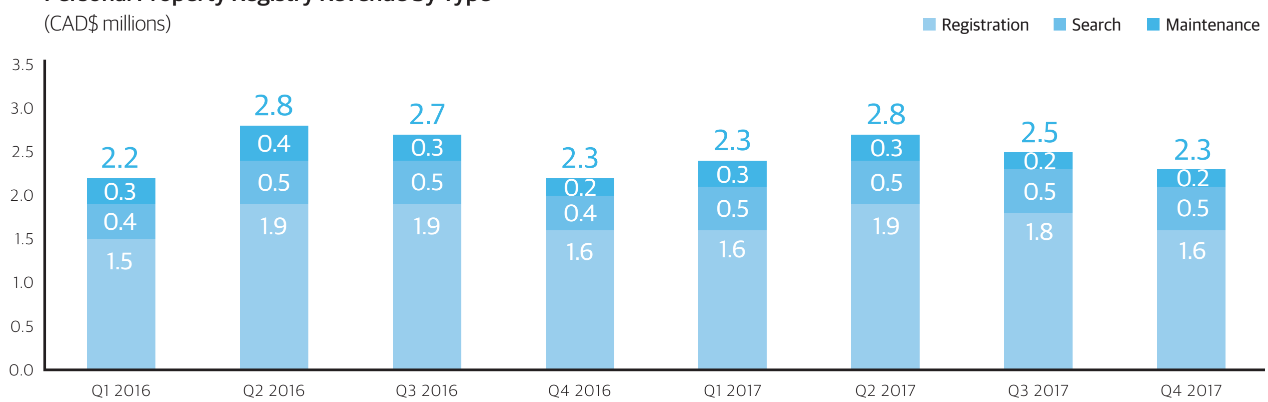
Personal Property Registry

Revenue for the Personal Property Registry for the fourth quarter of 2017 was $2.3 million, consistent with the same period in 2016.

Personal property security registration setups saw volumes improve by 0.7 per cent compared to the same period in 2016. Revenue for the same transaction type increased by 1.1 per cent compared to the same period last year.

The following graph depicts the Personal Property Registry revenue by type of transaction. Compared to the same period last year, fourth quarter 2017 registration and search revenue was 1.2 per cent and 3.3 per cent higher, respectively. Maintenance revenue was 5.0 per cent lower. Revenue results for the fourth quarter are weaker compared to the third quarter, reflecting the typical pattern of seasonality.

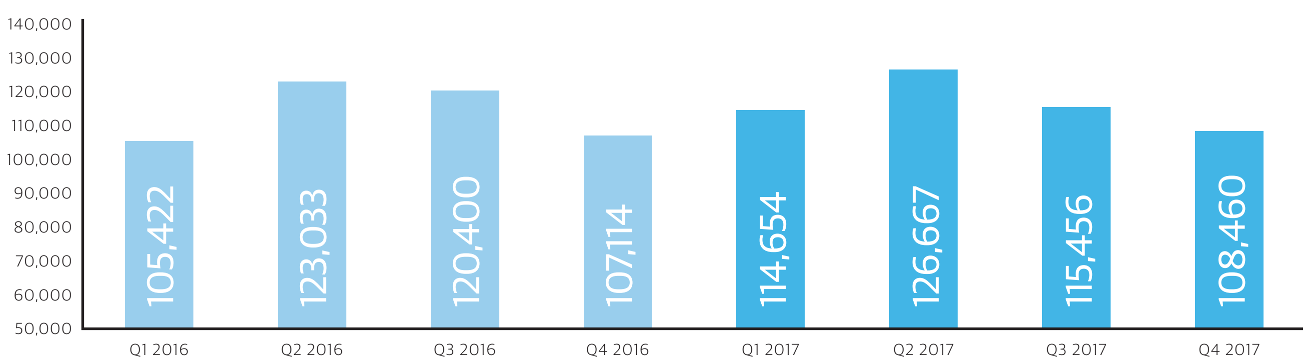
Personal Property Registry Revenue by Type
(CAD$ millions)



Note: Values may not add due to rounding.

Transaction volumes for the fourth quarter of 2017 increased by 1.3 per cent compared to the same period last year. Specifically, registration volumes grew by 1.2 per cent and search transactions by 2.8 per cent, offsetting an 8.2 per cent decline in maintenance volumes.

Personal Property Registry Transaction Volume
(Number of transactions)



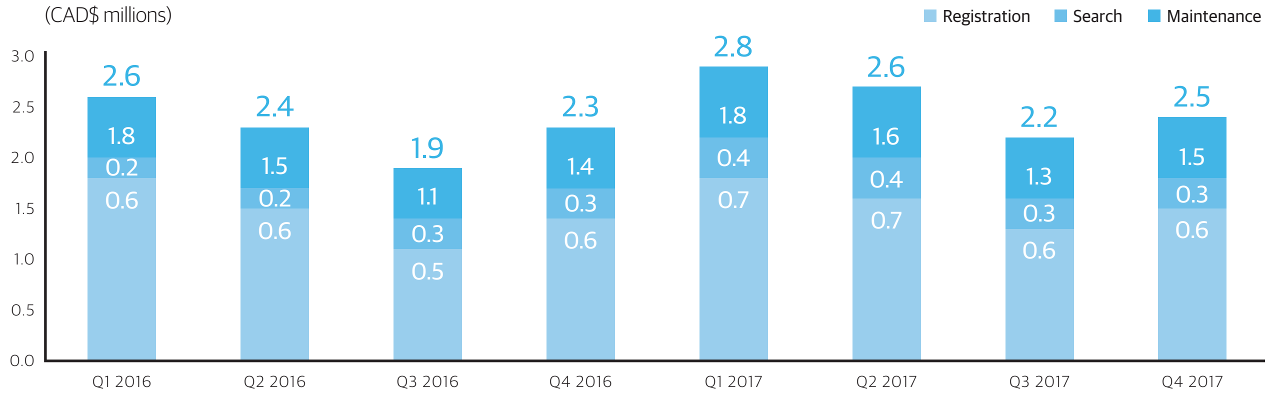
Corporate Registry

Revenue for the Corporate Registry for the quarter ended December 31, 2017, was $2.5 million, an increase of 9.5 per cent, or $0.2 million, compared to the same period in 2016. This quarterly variance is largely explained by increases across most transaction types.

Revenue from the filing of annual returns and renewals increased by 4.8 per cent in the quarter compared to the same period in 2016. Revenue from the incorporation and registration of new business entities also increased by 9.4 per cent compared to the fourth quarter last year. Search revenue increased by 7.0 per cent compared to the fourth quarter in 2016. Entity amendment revenue, which is part of maintenance transactions, also increased 121.3 per cent, or $183 thousand.

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

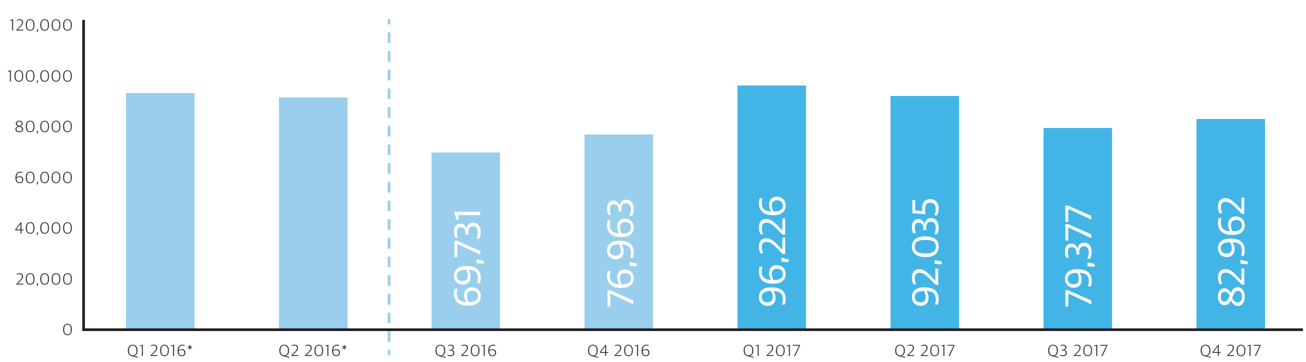
Corporate Registry Revenue by Type
(CAD$ millions)



Note: Values may not add due to rounding.

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

Corporate Registry Transaction Volume
(Number of transactions)



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

Transaction volumes for the fourth quarter increased by 7.8 per cent compared to the same period last year. Specifically, registration volumes grew by 15.3 per cent, search transactions by 6.0 per cent, and maintenance volumes by 9.5 per cent compared to the same period in 2016.

As of December 31, 2017, there were approximately 72,993 active Saskatchewan Business Corporations registered with the Corporate Registry compared to 74,830 as at December 31, 2016. The majority of the change can be attributed to the resumption of enforcement processes for annual returns and renewals which was restarted in 2017. Prior to this, enforcement processes had been suspended before and after the Corporate Registry system implementation in July 2016.

Services

Revenue derived from our Services segment is linked to clients and the business they undertake across Canada. Economic activity can affect credit lending, mergers, acquisitions, incorporations and various new business startup activities, which drives activity for our Services segment. Other key drivers for this segment include increased regulatory and compliance requirements for financial institutions, as well as the growing trend to outsource business processes and services to realize cost savings and focus on their core businesses without compromising service quality.

Revenue in our Services segment for the three months ended December 31, 2017, was $4.0 million. This is an increase of $0.6 million or 17.7 per cent compared to the fourth quarter of 2016. This is due to continued expansion of new financial services clients adopting KYC services, a full quarter of incremental revenue from our Alliance acquisition PPSA-related revenue plus post-acquisition revenue from AVS for December 21 to December 31, 2017, which is captured in the search and registration category in our Services segment.

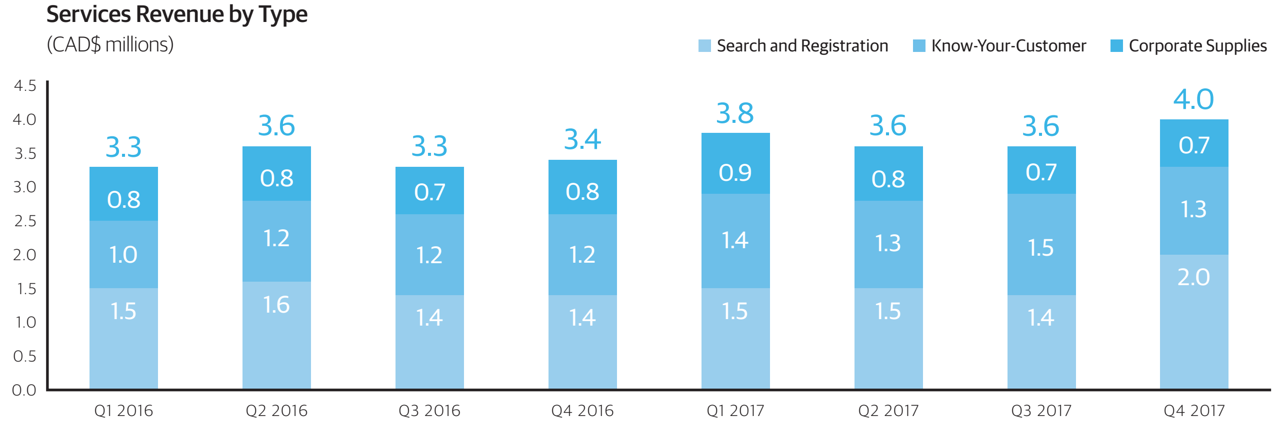
Search and registration services revenue for the fourth quarter of 2017 was $2.0 million, an increase of $0.5 million or 36.9 per cent compared to the same period in 2016. The increase was primarily due to additional revenue from our acquisitions of AVS and Alliance. Search and registration services are provided primarily to lawyers and law firms.

KYC services revenue for the three months ended December 31, 2017, was $1.3 million and grew by $129 thousand or 10.7 per cent compared to the same period last year. The increase was due to new customer on-boarding and organic growth of the existing customer base. KYC services are provided primarily to financial institutions.

Corporate supplies revenue for the fourth quarter of 2017 was $0.7 million, a decrease of $55 thousand or 7.0 per cent compared to the same quarter in 2016. The revenue decrease for the fourth quarter was due to timing of customer orders. Corporate supplies and services are primarily provided to lawyers and law firms.

Services Revenue by Type

(CAD$ millions)



Consolidated Expenses

For the three months ended December 31, 2017, consolidated expenses (all segments) were $17.5 million, a decrease of 3.9 per cent, compared to $18.2 million for the same period in 2016, as shown below.

	Three Months Ended December 31,	
(thousands of CAD dollars)	**2017**	2016
Expenses		
Wages and salaries	$ 7,913	$ 8,214
Information technology services	2,093	2,432
Depreciation and amortization	1,792	2,955
Occupancy costs	1,295	1,284
Professional and consulting services	711	1,607
Cost of goods sold	1,378	779
Financial services	683	510
Project initiatives	1,005	(298)
Other	669	765
Total expenses	$ 17,539	$ 18,248

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

- Wages and salaries were $7.9 million, down $0.3 million, for the three months ended December 31, 2017, compared to the same period in 2016. The decrease was mainly due to the timing of accruals related to our Short-term Incentive Plan, partially offset by the additional wages and salaries from our subsidiary ERS, increased employee resourcing in our technology area and annual salary increases generally.
- Information technology service costs were $2.1 million, down $0.3 million for the quarter compared to the fourth quarter of 2016. The decrease in the quarter reflects savings associated with the termination of our technology services contract with DXC Technology Company ("DXC") (formerly Hewlett-Packard (Canada) Co.), which were partially offset by additional wages and salaries in our technology area, as mentioned above, as the Company consolidated support and development functions internally and by the technology costs in our ERS subsidiary.
- Depreciation and amortization costs were $1.8 million for the three months ended December 31, 2017, compared to $3.0 million in the same period in 2016. The decrease is due to an acceleration of depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry in 2016 and the full amortization of the land data conversion asset at the end of the second quarter of 2017. This was offset slightly by the depreciation of new assets and depreciation in our subsidiary ERS.
- Professional and consulting services were $0.7 million for the three months ended December 31, 2017, compared to $1.6 million for the same period in 2016. Professional and consulting services encompasses a wide range of activities and the reduction in 2017 is due to different corporate requirements year-over-year.
- Cost of goods sold was $1.4 million for the fourth quarter of 2017, an increase of $0.6 million compared to the fourth quarter of 2016. The rise in the quarter was due to cost of goods increases for our corporate supplies business in our Services segment.
- Project initiatives were $1.0 million for the three months ended December 31, 2017, an increase of $1.3 million compared to the same period in 2016. The increase was due to focused effort on growth initiatives and the transfer of an ongoing project to assets under development in 2016 that met our capitalization requirements.

Net Finance Expense (Income)

Net finance expense was flat at $0.1 million for the three months ended December 31, 2017, and for the same period in 2016.

Gain on Sale of Associate

During the quarter, the Company sold its 30.1 per cent stake in Dye & Durham for $25.0 million which resulted in a $15.4 million accounting gain before tax ($13.4 million after-tax). For more details, refer to Note 11 of our Financial Statements for the period ended December 31, 2017.

Net Income and Earnings per Share

Net income for the three months ended December 31, 2017, was $18.8 million or $1.07 per basic and diluted share, compared to $2.9 million or $0.17 per basic and diluted share for the same period in 2016. The increase in net income and earnings per share was mainly due to the gain on the sale of our stake in Dye & Durham. Without the gain, net income would have been $5.4 million or $0.31 per basic and diluted share.

Adjusted EBITDA

Adjusted EBITDA was $9.0 million, a 38.0 per cent margin, for the three months ended December 31, 2017, compared to $7.3 million, a 34.6 per cent margin, for the same period in 2016. Refer to section 9 "Financial Measures and Key Performance Indicators" for a reconciliation of EBITDA to adjusted EBITDA.

7.2 Year-End Results

Consolidated Revenue

Revenue was $93.6 million for the year ended December 31, 2017, compared to $88.4 million in 2016, an increase of 5.9 per cent.

(thousands of CAD dollars)	Registries	Services	Corporate	Year-Ended December 31, 2017	Year-Ended December 31, 2016
Land Registry (Land Titles Registry, Land Surveys, and Geomatics)	$ 54,792	$ –	$ –	$ 54,792	$ 54,921
Personal Property Registry	9,953	–	–	9,953	9,947
Corporate Registry	10,143	–	–	10,143	9,082
Registries	74,888	–	–	74,888	73,950
Services	–	14,902	–	14,902	13,639
Other	–	–	3,802	3,802	786
	$ 74,888	$ 14,902	$ 3,802	$ 93,592	$ 88,375

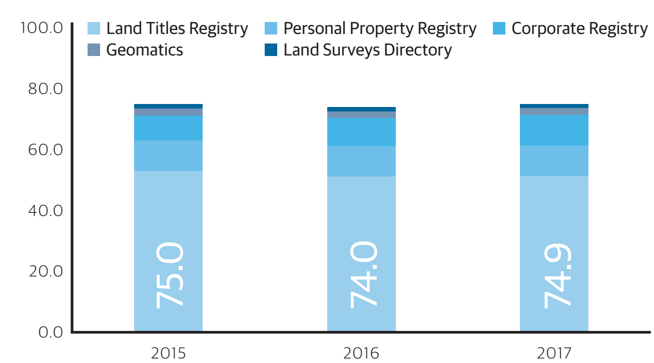
Registries

Overall

Revenue for all Registries was $74.9 million for the year ended December 31, 2017, an increase of $0.9 million, or 1.3 per cent, compared to 2016. Our results were better compared to the previous year due to increased revenue from the Corporate Registry.

The Company's top five customers for the Registries segment represent 19.1 per cent of the total Registries segment revenue for the year ended December 31, 2017. Of those customers, no single customer represented more than 10.0 per cent of total Registries segment revenue.

Total Registries Revenue for the year ended December 31,
(CAD$ millions)



Land Registry

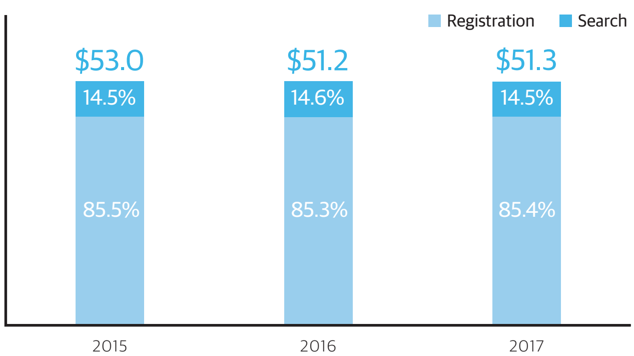
Land Registry revenue was $54.8 million for the year ended December 31, 2017, a decrease of $0.1 million or 0.2 per cent compared to 2016.

(i) Land Titles Registry

Land Titles Registry revenue for the year ended December 31, 2017, was $51.3 million, essentially flat compared to 2016 revenue of $51.2 million.

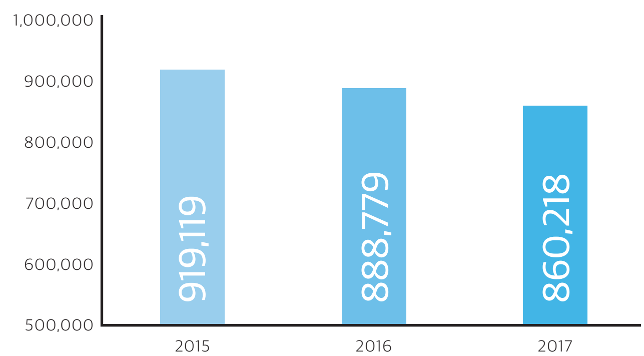
Most of the revenue in the Land Titles Registry is derived from value-based fees. ISC observed higher average land values for regular land transfers in 2017 compared to 2016, which was a result of a number of high-value property transactions processed in the second half of 2017. We received $5.6 million in revenue from these transactions in 2017, well above the $3.6 million in 2016. Between 2010 and 2016, we typically saw an average of $3.3 million on an annual basis. This high-value property transaction revenue helped offset volume and revenue declines in other key transaction types.

Land Titles Registry Revenue by Type
for the year ended December 31,
(CAD$ millions)*



* Note: Values may not total due to rounding from Maintenance transactions that were too small to display in chart.

Land Titles Registry Transaction Volume
for the year ended December 31,
(Number of transactions)



Overall revenue generating transactions in the Land Titles Registry fell 3.2 per cent in 2017, due to a slower real estate market in Saskatchewan. The volume of regular land transfers, mortgage registrations and title searches declined by 3.1 per cent, 9.9 per cent and 0.6 per cent, respectively, compared to 2016.

Parts of the Saskatchewan real estate market may have experienced a buyers' market in 2017. While the number of completions was down 22.2 per cent, housing starts increased 7.2 per cent year-over-year. This may contribute to additional supply in the Saskatchewan real estate market going into 2018.

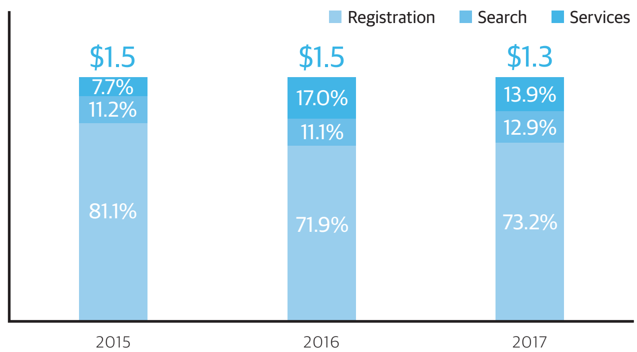
The primary customers of the Land Titles Registry are law firms, financial institutions, developers and resource companies. For the year ended December 31, 2017, our top 20 Land Titles Registry customers represented about 41.1 per cent of revenue, and our top 100 Land Titles Registry customers represented 75.3 per cent of revenue. In 2017, 79.9 per cent of all Land Titles Registry registration transactions were submitted online, an increase of 1.3 per cent compared to 2016.

(ii) Land Surveys and Geomatics

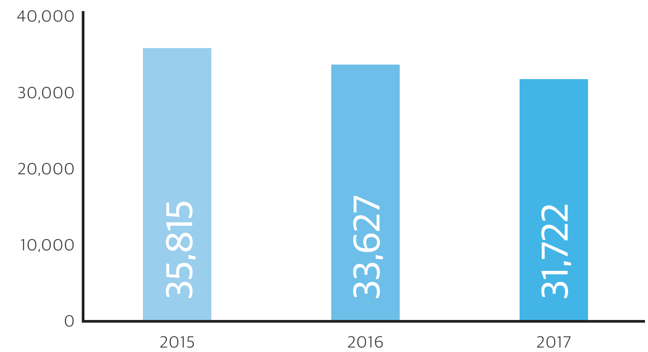
Collectively, the revenue from Land Surveys and Geomatics was $3.5 million for the year ended December 31, 2017, a decrease of $0.2 million, or 4.5 per cent, compared to 2016. The overall decrease was due to lower revenue from Land Surveys, which was affected by the economy.

In 2017, Land Surveys generated revenue of $1.3 million, down $0.2 million or 12.2 per cent for the year due to lower transaction volumes, which were down by 5.7 per cent year-over-year.

Land Surveys Revenue by Type
for the year ended December 31,
(CAD$ millions)



Land Surveys Transaction Volume
for the year ended December 31,
(Number of transactions)

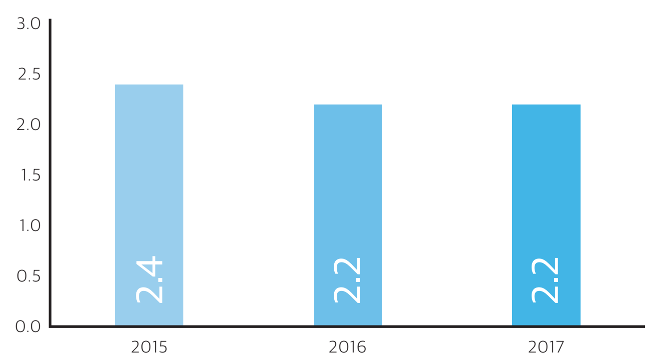


Land Surveys customers include surveyors, developers, resource companies, governments and other businesses that access our mapping systems and survey plans to support their development plans. For the year ended December 31, 2017, our top 20 Land Surveys customers represented 90.6 per cent of revenue and the top 100 customers accounted for 95.8 per cent.

Total revenue resulting from Geomatics was relatively flat at $2.2 million for 2017, with a slight increase of 0.7 per cent year-over-year.

Geomatics customers include government departments (provincial and municipal), resource companies, land developers, other businesses and the general public. They also include utility, pipeline and transportation companies. For the year ended December 31, 2017, our top 20 Geomatics customers comprised 84.9 per cent of revenue, while our top 100 customers represented 97.5 per cent of revenue.

Geomatics Revenue
for the year ended December 31,
(CAD$ millions)

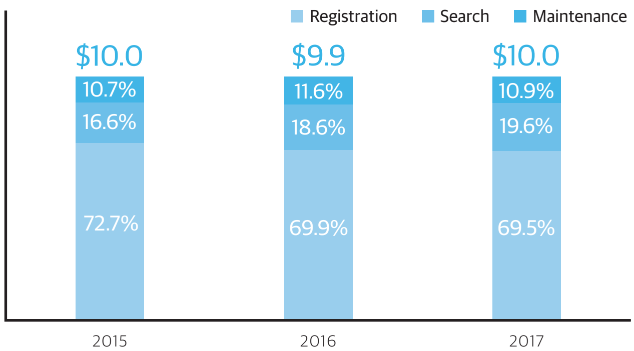


Personal Property Registry

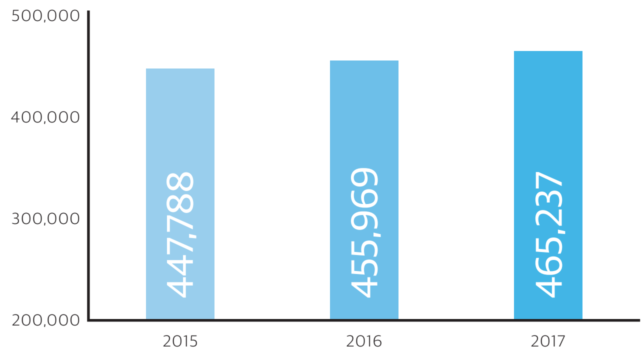
Revenue for the Personal Property Registry for the year ended December 31, 2017, was stable at $10.0 million, which represents a small increase of 0.1 per cent from the same period in 2016.

Registration revenue for this registry decreased by 0.4 per cent in 2017 and maintenance revenue was down by 8.1 per cent. This was offset by increased search revenue in 2017, up 5.9 per cent compared to 2016.

Personal Property Registry Revenue by Type for the year ended December 31,
(CAD$ millions)



Personal Property Registry Transaction Volume for the year ended December 31,
(Number of transactions)



The graph above reflects year-over-year transaction volumes. Overall volumes improved by 2.0 per cent in 2017. Search volume grew 3.6 per cent while registration volume increased 1.8 per cent, more than offsetting the 5.8 per cent decline of maintenance volumes.

Personal property security registration setups saw volumes modestly improve in 2017 by 0.6 per cent compared to 2016. Revenue for the same transaction type decreased by 0.7 per cent in 2017 compared to 2016, partly due to registry fee changes made in July 2016, which lowered fees for setups as part of a rebalancing of fees across the Saskatchewan registries.

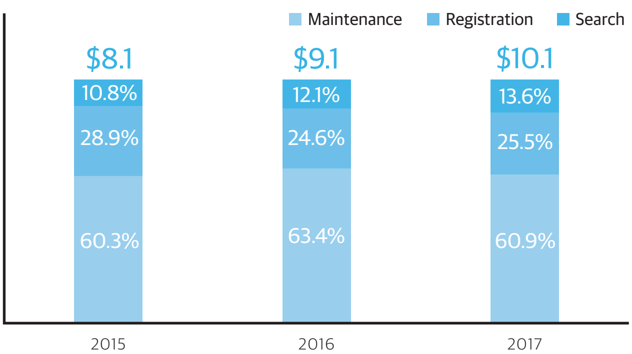
Customers of the Personal Property Registry are primarily in the financial sector as well as law firms. The top 20 Personal Property Registry customers generated 80.6 per cent of the revenue in 2017, while the top 100 represented 93.3 per cent of revenue.

Corporate Registry

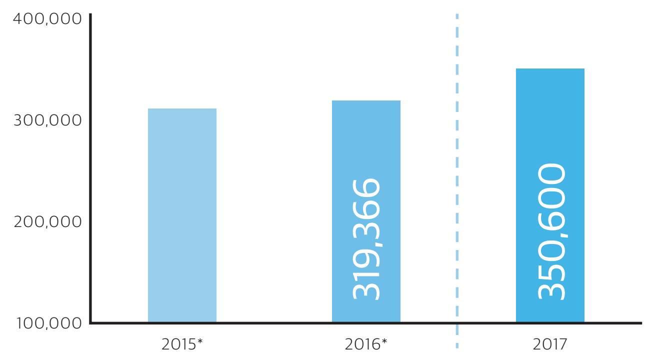
Revenue for the Corporate Registry in 2017 was $10.1 million, up 11.7 per cent or $1.0 million. This is a result of a full year's impact of structural pricing changes implemented in July 2016 and year-over-year growth in key transaction categories.

In July 2016, ISC implemented a new system for the Corporate Registry which included several permanent changes to the services and fee structure. This affected how we record volumes and contained targeted fee increases. This change, coupled with reduced transaction volume experienced post-implementation in the third quarter of 2016, contributed to the year-over-year improvements in revenue for 2017.

Corporate Registry Revenue by Type for the year ended December 31,
(CAD$ millions)



Corporate Registry Transaction Volume for the year ended December 31,
(Number of transactions)



* Note: As a result of the new fee schedule and Corporate Registry system implementation in July 2016, the recording of volumes for fee generating transations has changed. Historical trending in the graph above has been adjusted to approximate expected comparative volumes under the current structure.

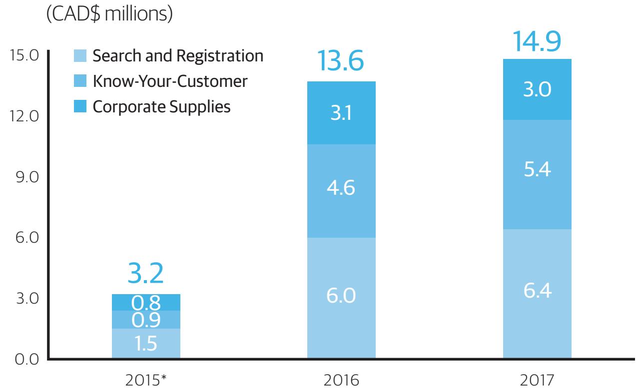
With that in mind, revenue from the filing of annual returns and renewals improved by 10.9 per cent in 2017 compared to 2016. Revenue from the incorporation and registration of new business entities rose by 15.7 per cent compared to 2016. Search revenue also climbed by 25.7 per cent year-over-year, largely due to pricing changes.

For the Corporate Registry, customers mainly include law firms, companies in the financial sector, as well as the Government of Saskatchewan. They also include businesses such as corporations, non-profit corporations, co-operatives and sole proprietorships that were, or will be, registered in the Corporate Registry. The top 20 Corporate Registry customers accounted for nearly 32.4 per cent of revenue in 2017, and the top 100 customers made up about 50.2 per cent.

Services

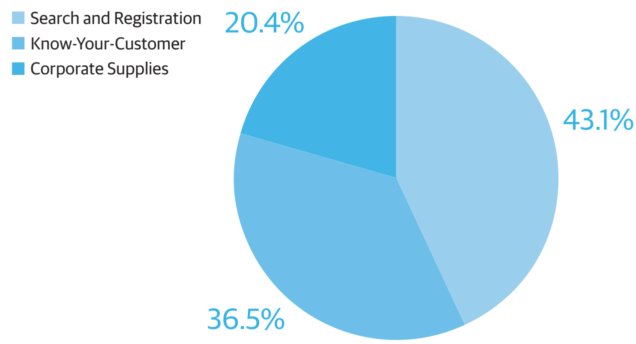
The revenue in our Services segment for the year ended December 31, 2017, was $14.9 million, a rise of $1.3 million, or 9.2 per cent compared to 2016. The increase was due to growth in ESC's KYC services revenue along with new revenue as a result of acquiring AVS Systems Inc. in December 2017.

Services Revenue by Type for the year ended December 31
(CAD$ millions)



* Note: 2015 revenue results for ESC, which ISC acquired on October 1, 2015, are for the fourth quarter only.

Services Revenue for the year ended December 31, 2017



2017 was a solid year for our Services segment with growth across most of its lines of business. This was a combination of strategic acquisitions along with increases in legal activity across the country and strong compliance-driven activities in the financial services industry that triggered active due diligence on companies nationwide.

Revenue from search and registration services was $6.4 million for the year ended December 31, 2017, an improvement of $0.5 million or 7.7 per cent. The growth was primarily due to new revenue from the Alliance and AVS acquisitions.

Revenue from KYC services for the year ended December 31, 2017, was $5.4 million, an increase of $0.9 million or 19.6 per cent. The increase was due to new customer on-boarding and organic growth of the existing customer base.

Revenue from corporate supplies for the year was $3.0 million, a modest decrease of $0.1 million or 2.8 per cent. The decrease was due to a declining customer base in Quebec and Ontario.

The top 20 ESC customers comprised about 48.4 per cent of the revenue for the year ended December 31, 2017, while the top 100 ESC customers made up nearly 64.7 per cent of revenue. No single customer accounted for more than 25.0 per cent of ESC revenue in the same period.

Consolidated Expenses

For the year ended December 31, 2017, consolidated expenses (all segments) were $71.7 million, an increase of 5.5 per cent, compared to $67.9 million for the same period in 2016, as shown below.

(thousands of CAD dollars)	Year Ended December 31, 2017	2016
Expenses		
Wages and salaries	$ 32,802	$ 28,008
Information technology services	10,179	9,602
Depreciation and amortization	7,507	8,429
Occupancy costs	5,292	4,992
Professional and consulting services	4,511	5,564
Cost of goods sold	4,141	3,586
Financial services	2,235	2,362
Project initiatives	2,823	3,214
Other	2,204	2,172
	$ 71,694	$ 67,929

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

- Wages and salaries were $32.8 million, up $4.8 million, for the year ended December 31, 2017, compared to the same period in 2016. The increase was mainly the result of the additional wages and salaries from our new subsidiary, ERS, but also includes increased salaries from the in-sourcing of the former DXC technology contract, expansion to our leadership team and normal annual salary increases.
- Information technology services increased to $10.2 million for the year ended December 31, 2017, as compared to $9.6 million in 2016. The variance was due to a combination of the additional information technology services costs from our ERS subsidiary, partially offset by savings realized from the cancelled DXC contract.
- Depreciation and amortization costs were $7.5 million for the year ended December 31, 2017, compared to $8.4 million for the same period in 2016. The decrease was due to the accelerated depreciation of certain assets replaced by the new technology system for the Saskatchewan Corporate Registry in 2016 and the full and final amortization of the land data conversion asset at the end of the second quarter 2017. This was offset slightly by the depreciation of new assets in the Company and those acquired in our ERS subsidiary.
- Professional and consulting services were $4.5 million for the year ended December 31, 2017, compared to $5.6 million in 2016. Professional and consulting services encompasses a wide range of activities, and the reduction in 2017 is due to different corporate requirements year-over-year.
- Cost of goods sold was $4.1 million for the year ended December 31, 2017, compared to $3.6 million in 2016. The increase was due to increased business in and the addition of AVS to our Services segment.
- Financial services was $2.2 million for the year ended December 31, 2017, compared to $2.4 million for the same period in 2016. The decrease is mainly due to the realization of the currency gain of foreign exchange related to the purchase of our subsidiary ERS.
- Project initiatives were $2.8 million for the year compared to $3.2 million in 2016. The decrease was due to the completion of some initiatives in 2016 and a reduction in the number of corporate projects in 2017.

Net Finance Expense (Income)

Net finance expense (income) for the year ended December 31, 2017, was an expense of $0.5 million compared to an expense of $0.3 million for the same period in 2016. The increase was due to the drawdown of our operating facility to fund the acquisition of ERS, offset partially by the additional interest earned on cash from the Dye & Durham sale.

Change in Contingent Consideration

ISC's acquisition of ESC included performance-based contingent consideration to the previous owner. During the third quarter of 2016, management assessed and increased its estimate of the consideration by $1.0 million due to the performance of ESC through the third quarter. The net impact of the change in contingent consideration was included in 'change in contingent consideration' on the consolidated statement of comprehensive income. The contingent consideration amount was settled in the fourth quarter of 2016.

Gain on Sale of Associate

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

Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 26.75 per cent (2016 – 27.0 per cent). Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD dollars, except where noted)	Year Ended December 31, 2017	2016
Net income before tax	$ 37,439	$ 20,779
Combined statutory income tax rate	26.75%	27.0%
Expected income tax expense	10,015	5,610
Increase (decrease) in income tax resulting from:		
Investment in associate – non-taxable items	(2,228)	(447)
Non-deductible expenses/non-taxable income	539	375
Foreign income tax rate differential	336	–
Scientific research and experimental development ("SR&ED") reassessment	324	–
Adjustment to prior year's deferred tax assets	266	–
Impact of change in taxes	109	–
Tax pools not previously recognized	–	(264)
Unrecognized tax asset[1]	114	–
Other	175	2
Income tax expense	$ 9,650	$ 5,276
Effective income tax rate	25.8%	25.4%

[1] No deferred tax asset 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.

The Company records future income tax assets and liabilities related to deductible temporary differences. The Company assesses the value of these assets and liabilities based on their probability of being realized given management assessments of future taxable income.

Net Income and Earnings per Share

Net income and total comprehensive income for the three months ended December 31, 2017, was $18.8 million, or $1.07 per basic and diluted share, compared to $2.9 million, or $0.17 per basic and diluted share, for the same period in 2016. Net income and total comprehensive income for the year ended December 31, 2017, was $27.8 million, or $1.59 per basic and $1.58 per diluted share, compared to $15.5 million, or $0.89 per basic and $0.88 per diluted share, for the same period in 2016. The increase in net income and earnings per share was principally due to the gain on the sale of our stake in Dye & Durham. Without the gain, net income would have been $14.4 million, or $0.82 per basic and diluted share.

(thousands of CAD dollars)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Registries	$ 5,866	$ 4,277	$ 16,412	$ 17,856
Services [1]	(733)	(96)	99	(403)
Corporate [2]	13,641	(1,262)	11,278	(1,950)
Net income	$ 18,744	$ 2,919	$ 27,789	$ 15,503

[1] Net income for the Services segment for the year ended December 31, 2016, was impacted by the $1.0 million adjustment to the contingent consideration.

[2] Net income for the Corporate segment for the year ended December 31, 2017, was impacted by the $15.4 million accounting gain due to the sale of our stake in Dye & Durham.

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)	Year Ended December 31, 2017	Year Ended December 31, 2016
Net income	$ 27,789	$ 15,503
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	95,648	35,471
Weighted average number of shares, diluted	17,595,648	17,535,471
Earnings per share ($ per share)		
Total, basic	$ 1.59	$ 0.89
Total, diluted	$ 1.58	$ 0.88

Adjusted EBITDA

Adjusted EBITDA was $33.4 million for the year ended December 31, 2017, flat compared to $33.5 million in the same period last year, with ISC generating an adjusted EBITDA margin of 35.7 per cent for the period compared to 37.9 per cent in the year ended December 31, 2016. The margin as a percentage of revenue declined due to the increased expenses from our acquisitions offsetting the increased revenue to produce the same EBITDA.

8 Summary of Consolidated Quarterly Results

The following table sets out select quarterly results for the past eight quarters. Our Registries segment experiences moderate seasonality, primarily because Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest.

Our Services segment is sufficiently diversified with little seasonality to its revenue performance.

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

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

Summary of Consolidated Quarterly Results

	2017				2016			
(thousands of CAD dollars)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 23,589	$ 23,862	$ 24,646	$ 21,496	$ 21,201	$ 22,894	$ 24,674	$ 19,606
Expenses	17,539	18,168	18,406	17,583	18,248	16,854	16,468	16,359
Net income before items noted below	6,050	5,694	6,240	3,913	2,953	6,040	8,206	3,247
Net finance income (expense)	(75)	(215)	(105)	(112)	(74)	(78)	(83)	(85)
Share of profit (loss) in associate	–	200	587	(177)	925	479	263	(13)
Gain on sale of associate	15,438	–	–	–	–	–	–	–
Change in contingent consideration	–	–	–	–	–	(1,000)	–	–
Income before tax	21,414	5,679	6,722	3,624	3,804	5,441	8,386	3,149
Income tax expense	(2,640)	(3,823)	(1,989)	(1,198)	(885)	(1,631)	(1,808)	(953)
Net income	$ 18,774	$ 1,856	$ 4,733	$ 2,426	$ 2,919	$ 3,810	$ 6,578	$ 2,196
Other comprehensive income (loss)	191	(29)	306	(78)	–	–	–	–
Total comprehensive income	$ 18,965	$ 1,827	$ 5,039	$ 2,348	$ 2,919	$ 3,810	$ 6,578	$ 2,196
EBITDA margin (% of revenue)[1]	33.2%	31.8%	35.8%	26.8%	32.2%	32.1%	41.7%	25.9%
Adjusted EBITDA margin (% of revenue)[1]	38.0%	36.4%	38.8%	28.9%	34.6%	41.5%	45.1%	27.9%
Earnings per share, basic	$ 1.07	$ 0.11	$ 0.27	$ 0.14	$ 0.17	$ 0.22	$ 0.38	$ 0.13
Earnings per share, diluted	$ 1.07	$ 0.11	$ 0.27	$ 0.14	$ 0.17	$ 0.22	$ 0.37	$ 0.12

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures by other corporations. Refer to section 22 "Non-IFRS Financial Measures".

9 Financial Measures and Key Performance Indicators

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

In addition to these results, which are reported in accordance with IFRS, certain non-IFRS measures are supplemental indicators of operating performance and financial position as well as for internal planning purposes. The Company evaluates its performance against these metrics by comparing actual results to management budgets, forecasts and prior period results. These non-IFRS financial measures include EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin and free cash flow. Refer to section 22 "Non-IFRS Financial Measures".

Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization

	Three Months Ended December 31,		Year Ended December 31,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Net income	$ 18,774	$ 2,919	$ 27,789	$ 15,503
Depreciation and amortization	1,792	2,955	7,507	8,429
Net finance expense	75	74	507	321
Income tax expense	2,640	885	9,650	5,276
Gain on sale of associate	(15,438)	–	(15,438)	–
EBITDA[1]	7,842	6,833	30,015	29,529
Adjustments				
Stock-based compensation expense	67	46	327	418
Stock option expense	120	95	471	376
Acquisition and integration costs	925	362	2,591	3,132
Gain on disposal of property, plant and equipment assets	–	–	(1)	(1)
Adjusted EBITDA[1]	$ 8,954	$ 7,336	$ 33,403	$ 33,454
EBITDA margin (% of revenue)[1]	33.2%	32.2%	32.1%	33.4%
Adjusted EBITDA margin (% of revenue)[1]	38.0%	34.6%	35.7%	37.9%

[1] EBITDA, EBITDA margin, adjusted EBITDA and adjusted EBITDA margin are not recognized as measures under IFRS and do not have a standardized meaning prescribed by IFRS and, therefore, they may not be comparable to similar measures reported by other corporations. Refer to section 22 "Non-IFRS Financial Measures".

Consolidated Free Cash Flow

	Three Months Ended December 31,		Year Ended December 31,	
(thousands of CAD dollars)	**2017**	2016	**2017**	2016
Net cash flow provided by operating activities	$ 8,401	$ 6,052	$ 32,924	$ 26,164
Net change in non-cash working capital[1]	(3,879)	(369)	(7,871)	528
Cash provided by operating activities excluding working capital	4,522	5,683	25,053	26,692
Cash additions to property, plant and equipment	(289)	(21)	(448)	(851)
Cash additions to intangible assets	(1,429)	(1,578)	(1,686)	(5,848)
Consolidated free cash flow[2,3]	$ 2,804	$ 4,084	$ 22,919	$ 19,993

[1] Refer to Note 24 of the Financial Statements for reconciliation.

[2] Free cash flow is not recognized as a measure under IFRS and does not have a standardized meaning prescribed by IFRS and, therefore, may not be comparable to similar measures by other corporations. Refer to section 22 "Non-IFRS Financial Measures".

[3] ISC has changed the recognition of current income taxes within the definition of free cash flow to match the balance recognized on the statement of comprehensive income. Comparative figures for 2015 and 2016 have been updated accordingly

Consolidated free cash flow for the three months ended December 31, 2017, was $2.8 million compared to $4.1 million for the same period of 2016 and $22.9 million for the year ended December 31, 2017, compared to $20.0 million last year. The decrease in the three months ended December 31, 2017 compared to the same period in 2016 is due to changes in income taxes. The increase for the year ended 2017 compared to 2016 is primarily due to the higher additions to intangibles in 2016.

10 Outlook

The following section includes forward-looking information, including statements related to the industries in which we operate, growth opportunities and our future financial position and results including expected revenue, EBITDA and capital expenditures. Refer to section 3 "Caution Regarding Forward-Looking Information".

We see two factors influencing the outlook for our Registries segment, specifically the Saskatchewan Land Registry, those being changes to the mortgage rules and an increase in overnight lending rates. The Office of the Superintendent of the Financial Institutions Canada implemented revisions to its mortgage rules effective on January 1, 2018[1], which now include a requirement to "stress test" borrowers with uninsured loans to ensure they could withstand increases in interest rates. In addition, The Bank of Canada raised its overnight lending rate on January 17, 2018 following two similar increases in 2017. Interest rate changes often influence consumer behaviour and, as such, may affect ISC's business. We expect, however, it will be some time before the impact of these changes is known. In general, we expect the performance of our Registries segment in 2018 to be in line with that of 2017.

In our Services segment, we expect to see further customer growth in the Financial Support Services revenue category, with customers leveraging KYC on-boarding services as our customers' programs come on stream during the year. With our recent acquisition of AVS, we also expect continued revenue growth in our Financial Support Services as we are now able to provide complete "best in class" service offerings to the market. ESC will continue to invest in its core technology platforms to enable integrated solutions in conjunction with its AVS technology in the year ahead.

The key drivers of our expenses will continue to be wages, salaries and information technology costs, as well as the pursuit of new business opportunities.

The acquisition of AVS in December 2017, with a high revenue, lower margin profile, changes ISC's consolidated revenue and EBITDA margin profile compared to previous years. With that in mind, and based on our outlook, ISC currently expects total revenue of between $124.0 and $130.0 million with an EBITDA margin of between 24.0 per cent and 26.0 per cent. Capital expenditures are expected to range between $4.0 million and $6.0 million and will be funded through operating cash flow.

ISC's guidance does not include revenue or costs from any potential new contracts in any of its reportable segments.

11 Liquidity and Capital Resources

11.1 Cash Flow

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

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

Liquidity risk is managed based on financial forecasts and anticipated cash flow. The majority of cash is held with Canadian chartered banks and the risk of loss is believed to be minimal. As at December 31, 2017, the Company held $31.3 million in cash, compared to $33.5 million as at December 31, 2016, a decrease of $2.2 million.

The Company expects to be able to meet its cash requirements, including being able to settle current liabilities of $22.7 million (December 31, 2016 – $16.4 million) and meet any unanticipated cash requirements due to changes in working capital commitments. Such changes that would affect our liquidity may arise from, among other factors, general economic conditions and the failure of one or more customers to pay their obligations. Deficiencies arising from short-term working capital requirements and capital expenditures may be financed on a short-term basis with bank indebtedness or on a permanent basis with offerings of securities.

[1] Office of the Superintendent of Financial Institutions Canada (OSFI) – News Release "OSFI is reinforcing a strong and prudent regulatory regime for residential mortgage underwriting", October 17, 2017.

The following table summarizes our sources and uses of funds for the three months and years ended December 31, 2017 and 2016:

(thousands of CAD dollars)	Three Months Ended December 31, 2017	2016	Year Ended December 31, 2017	2016
Net cash flow provided by operating activities	$ 8,401	$ 6,052	$ 32,924	$ 26,164
Net cash flow used in investing activities	(1,146)	(1,021)	(18,426)	(7,436)
Net cash flow used in financing activities	(14,542)	(9,603)	(16,758)	(21,616)
Effects of exchange rate changes on cash held in foreign currencies	(19)	–	(8)	–
Decrease in cash	(7,306)	(4,572)	(2,268)	(2,888)
Cash, beginning of period	38,571	38,105	33,533	36,421
Cash, end of period	$ 31,265	$ 33,533	$ 31,265	$ 33,533

Net Cash Flow Provided by Operating Activities

Net cash flow provided by operating activities for the three months ended December 31, 2017, was $8.4 million compared to $6.1 million for the same period in 2016 and for the year ended December 31, 2017, was $32.9 million compared to $26.2 million for the same period in 2016. The increase in the quarter compared to the same period last year was mainly due to the increase in revenue. The increase for the year ended 2017 was mainly due to differences in income taxes and changes in working capital, driven by the timing of sales contracts.

Net Cash Flow Used in Investing Activities

Net cash flow used in investing activities for the three months ended December 31, 2017, was flat compared to the same period last year and for the year ended December 31, 2017, was $18.4 million compared to $7.4 million for the same period in 2016. The increase was due to the acquisitions of AVS, ERS and Alliance, as well as additional investments in Dye & Durham during 2017, somewhat offset by the proceeds received from the sale of our stake in Dye & Durham.

Net Cash Flow Used in Financing Activities

Net cash flow used in financing activities for the three months ended December 31, 2017, was $14.5 million compared to $9.6 million for the three months ended December 31, 2016. For the year ended December 31, 2017, net cash flow provided by financing activities was $16.8 million compared to $21.6 million used in financing activities for the same period in 2016. The change in the quarter was mainly due to the repayment of the operating loan and long-term debt while the change year-to-date was due to the payment of contingent consideration in 2016 that did not reoccur in 2017.

11.2 Capital Expenditures

Capital expenditures for the three months ended December 31, 2017, were $1.7 million, compared to $1.1 million for the same period in 2016. For the year ended December 31, 2017, capital expenditures were $2.0 million compared to $6.3 million for the same period in 2016. The increase in the fourth quarter of 2017 is due to system development work in our ERS and ESC subsidiaries. Capital expenditures in 2016 were mainly focused on our Corporate Registry modernization, which was completed in 2016. The lower capital expenditures are due to management's focus on integration activities of both ERS and Alliance as well as the acquisition of AVS. In addition, the Company is gradually shifting to more hosted and cloud service providers, thereby reducing its spend in certain historical capital areas, such as hardware technology.

(thousands of CAD dollars)	Three Months Ended December 31, 2017	2016	Year Ended December 31, 2017	2016
Registries	$ 41	$ 200	$ 41	$ 3,189
Services	360	5	427	2,050
Corporate	1,317	903	1,575	1,036
Total capital expenditures	$ 1,718	$ 1,108	$ 2,043	$ 6,275

11.3 Debt

Debt for the three months ended December 31, 2017, was $21.6 million compared to $23.4 million at December 31, 2016.

In September 2017 we extended our credit agreement to October 1, 2019. At December 31, 2017, the aggregate amount available under the Credit Facilities is $31.560 million comprised of (i) a $9.935 million committed revolving term loan facility along with; (ii) a $10.0 million uncommitted revolving credit facility to be used for general corporate purposes (December 31, 2017 and 2016 had nil drawings); and (iii) a $11.625 million committed non-revolving reducing credit facility.

The Revolving Term Facility of $9.935 million consists of a three-year, committed revolving term loan facility that matures on October 1, 2019, unless renewed prior to that time. It is currently held in a six-month bankers' acceptance note bearing interest at 1.658 per cent that matures on March 16, 2018, (December 31, 2016 – bankers' acceptance note, due June 21, 2017, bearing interest at 1.1 per cent per annum).

The Non-Revolving Term Facility had $11.6 million outstanding as of December 31, 2017, and is repayable through quarterly payments of $375 thousand maturing on October 1, 2019. This facility currently consists of a prime based loan with interest at 3.9 per cent per annum (December 31, 2016 – prime based loan with interest at 3.4 per cent per annum).

11.4 Total Assets

Total assets increased to $171.8 million at December 31, 2017, compared to $131.3 million at December 31, 2016, primarily due to the acquisitions of AVS and ERS.

(thousands of CAD dollars)	Registries	Services	Corporate	**As at December 31, 2017**
Total assets excluding intangibles, goodwill and cash	$ 28,480	$ 5,340	$ 15,245	**$ 49,065**
Intangibles	4,359	36,488	6,175	**47,022**
Goodwill	5,800	34,513	4,160	**44,473**
Cash	17,181	4,229	9,855	**31,265**
Total assets	$ 55,820	$ 80,570	$ 35,435	**$ 171,825**

(thousands of CAD dollars)	Registries	Services	Corporate	As at December 31, 2016
Total assets excluding intangibles, goodwill and cash	$ 33,847	$ 3,371	$ 22,934	$ 60,152
Intangibles	6,149	15,271	3,075	24,495
Goodwill	–	13,141	–	13,141
Cash	21,232	1,685	10,616	33,533
Total assets	$ 61,228	$ 33,468	$ 36,625	$ 131,321

11.5 Working Capital

As at December 31, 2017, working capital was $18.3 million, compared to $25.4 million at December 31, 2016. The change in working capital is mainly the result of increased income taxes payable at December 31, 2017, due to the taxes associated with the sale of our stake in D&D and increases in deferred revenue as well as accounts payable and accrued liabilities from our acquisitions.

(thousands of CAD dollars)	**As at December 31, 2017**	As at December 31, 2016
Current assets	**$ 40,989**	$ 41,800
Current liabilities	**(22,652)**	(16,363)
Working capital	**$ 18,337**	$ 25,437

11.6 Outstanding Share Data

The number of basic issued and outstanding Class A Shares as at December 31, 2017, was 17.5 million and the number of fully diluted shares was 17.6 million. On November 7, 2017, the Board declared a quarterly cash dividend of $0.20 per Class A Share, which was paid on January 15, 2018, to shareholders of record as of December 31, 2017.

12 Share-Based Compensation Plan

12.1 Deferred Share Unit Plan

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

Share-based compensation, related to DSUs, for the three months ended December 31, 2017, totalled $66 thousand (2016 – $46 thousand) and for the year ended December 31, 2017, totalled $327 thousand (2016 – $418 thousand). The total carrying amount of the liability arising from the DSUs as of December 31, 2017, totalled $1.1 million (December 31, 2016 – $800 thousand).

As at December 31, 2017, the DSU plan balance was 58,074.60 (December 31, 2016 – 41,492.55) with a fair value of $17.37 per DSU.

12.2 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. Refer to Note 14 of the Financial Statements for information pertaining to the share-based compensation plan.

Compensation expense is recognized in proportion to the amount of stock options vested. Share-based compensation related to the stock option plan for the three months ended December 31, 2017, totalled $142 thousand (2016 – $96 thousand) and for the year ended December 31, 2017, totalled $471 thousand (2016 – $376 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as at December 31, 2017, totalled $1.1 million (December 31, 2016 – $599 thousand).

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

13 Commitments

The Company is subject to contractual obligations such as leasing office space, the MSA with the Government of Saskatchewan, management services contracts and an information technology service agreement with Information Systems Management Canada Corporation ("ISM"). The following table summarizes our commitments as of December 31, 2017:

(thousands of CAD dollars)	2018	2019	2020	2021	2022	Thereafter	Total
Office leases[1]	$ 3,304	$ 3,283	$ 3,075	$ 2,651	$ 2,083	$ 3,818	$ 18,214
Master Service Agreement[2]	500	500	500	500	500	5,500	8,000
Information Technology[3] and other Service Agreements	4,664	1,896	263	–	–	–	6,823
Total	$ 8,468	$ 5,679	$ 3,838	$ 3,151	$ 2,583	$ 9,318	$ 33,037

[1] The Company leases all of its office space through operating leases. Operating leases related to office space include 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.

[2] The MSA requires the Company to pay the Government of Saskatchewan and to manage and operate the Land Titles Registry, Land Surveys, Personal Property Registry and Corporate Registry on behalf of the Government of Saskatchewan for a 20-year period.

[3] ISM provides hardware management services and support services for software and hardware infrastructure pursuant to a services agreement. An Amending Agreement for a five-year term was signed effective as of May 1, 2015.

14 Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at December 31, 2017.

15 Related Party Transactions

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. Refer to Note 20 of our Financial Statements for information pertaining to transactions with related parties.

16 Critical Accounting Estimates

ISC's critical accounting estimates are contained in Note 2 of the Financial Statements under the summary of use of estimates and judgments and include references to:

- the carrying value, impairment and estimated useful lives of property, plant and equipment;
- the carrying value, impairment and estimated useful lives of intangible assets;
- the carrying value and impairment of goodwill;
- the recoverability of deferred tax assets; and
- the measurement of the contingent consideration to be paid in conjunction with the ERS and AVS acquisitions.

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and underlying assumptions and judgments that affect the accounting policies and reported amounts of assets, liabilities, revenue and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

17 Changes in Accounting Policies

Refer to Note 3 of the Financial Statements for information pertaining to the adoption and changes in accounting policies effective in 2017.

The IAS 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
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 will not have a material impact on the financial statements of the Company.	January 1, 2018
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 will 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 will be required to amend certain note disclosures to accommodate the new standard.	January 1, 2018

Proposed Standard	Description	Effective Date
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. 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. Due to the recent acquisition of AVS, the company continues to assess the impact of the new standard on ESC. With the exception of AVS, the Company has completed assessments of all revenue streams of existing operations. The adoption of IFRS 15 will not have a significant impact to the financial results of the Company.	January 1, 2018
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

18 Financial Instruments and Financial Risks

Financial instruments held in the normal course of business included in our consolidated statement of financial position as at December 31, 2017, consist of cash, short-term investments, trade and other receivables, accounts payable and accrued liabilities, long-term debt and other long-term liabilities.

The Company does not use any form of derivative financial instruments to manage our exposure to credit risk, interest rate risk, market risk or foreign currency exchange risk. Refer to Note 19 of the Financial Statements for information pertaining to financial instruments and related risk management.

18.1 Fair Value of Financial Instruments

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, the impact of a change in interest rates is considered low.

18.2 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 December 31, 2017, is $39.1 million (December 31, 2016 – $38.4 million) equal to the carrying value of the Company's financial assets, those being cash at $31.2 million (December 31, 2016 – $33.5 million), short-term investments at $0.3 million (December 31, 2016 – $0.2 million) and trade receivables at $7.5 million (December 31, 2016 – $4.7 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.

18.3 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 flow.

18.4 Market Risk

The Company's exposure to market risk is limited to the DSU liability whose fair value is affected by equity prices.

18.5 Interest Rate Risk

The Company is subject to interest rate risks as the Credit Facilities bear interest at rates that are based on 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 Company considers the interest rate risk on its overall debt to be low.

18.6 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. The Company's exposure to other currencies is negligible at the end of the period.

19 Business Risks and Risk Management

All companies are exposed to risk and are required to mitigate risks on a daily and long-term basis. A key component of creating strong and sustainable corporate performance is to balance risk and reward. This begins by understanding a company's risk tolerance and appetite for taking on new risks.

ISC actively identifies risks that may affect the Company's ability to achieve its goals and objectives and implements processes to manage those risks. At the foundation of this process are the frameworks, policies, tools and procedures that help the organization to ensure risks are being identified and managed at a strategic, operational and procedural level. ISC is constantly addressing numerous existing and emerging risks. Our corporate strategies and plans are designed to implement effective risk mitigation or management approaches on an ongoing basis.

The Board oversees ISC's Enterprise Risk Management ("ERM") framework. This includes ensuring appropriate management systems are in place to ensure ISC's risks are prudently managed.

The leadership team is accountable for providing executive oversight of ISC's ERM activities, including the ongoing identification and assessment of risks and the development of mitigation strategies to manage the corporate risks facing the Company. The key corporate risks are documented and tracked as part of ISC's risk register.

A complete list of risk factors is contained in the Company's Annual Information Form available on the Company's website at www.company.isc.ca and in the Company's profile on SEDAR at www.sedar.com. The following are high-level descriptions of primary business risks:

MSA Compliance	Inability to comply with the requirements in the MSA could result in the loss/termination of the agreement as well as impacting ISC's reputation and future growth strategies.
Misalignment of Service Evolution and Pricing Approach	There is a risk that business model requirements for successful and profitable evolution of registry services are not supported by the Government of Saskatchewan.
Reliance on Key and New Customers and Clients	We rely on certain key customers and securing new clients and customers in new business lines. The failure to maintain existing customers or successfully source new clients and customers could have a material and adverse effect.
Revenue Diversification	There is a risk that ISC's current revenue sources are not significantly diversified to withstand economic challenges or downturns connected to common revenue drivers.
Information Technology	Our operations rely on information technology systems. There is a risk that we do not have the information technology systems in place to effectively facilitate current and future requirements to support our business needs and the achievement of our strategic goals. There is also a risk of potential service disruptions or service delays. We also rely on third-party service providers for aspects of our IT infrastructure and the provision of critical IT-related services.
Acquisitions	There is a risk that acquisitions could occur with insufficient due diligence, leadership and cultural differences, over-valuation, imprudent financing, ineffective post-acquisition integration or could be misaligned with ISC's overall strategy.
Cost/Efficiency/ Profitability	There is a risk that ISC's business model and resourcing mix will not allow ISC to achieve cost efficiencies in new or existing product lines or be sufficiently nimble to take advantage of business development opportunities or adapt to volume changes within its business.
International Expansion	We have expanded our operations internationally. We are required to comply with the laws and regulations of each country where we carry on business and face certain risks inherent in doing business in international markets, including with respect to integrating operations across different cultures and languages, complying with foreign laws, customs and practices, enforcing agreements and collecting receivables through foreign legal systems, and staffing and managing foreign operations. International expansion could expose us to geographic regions that may be subject to greater political, economic and social uncertainties.
Competition	ISC may be ineffective in its ability to compete against current or future competitors, in some cases given others' potential advantage being larger, with greater geographic scope and greater financial, sales, marketing, technical, personnel and other resources, having specialized capabilities, operations in lower cost countries or newer technologies, products or services.
Human and Organizational Capital	There is a risk that ISC does not have the required competencies, skills and knowledge to execute on strategic priorities as a growing publicly traded company.
Financing and Capital Needs	There can be no assurance that additional financing will be available to ISC when needed or on terms acceptable to ISC or the effect, if any, that future issuances and sales of ISC's securities will have on the market price of our securities.

Reputational	ISC's reputation could be negatively impacted, thereby damaging ISC's credibility, future revenue and/or business opportunities. Events that could impact ISC's reputation include the integrity and security of information, failure to protect our intellectual property rights, inability to successfully implement on growth strategies or failure to comply with rules, regulation and disclosures.
Labour Relations	In the event of a labour disruption such as a strike or lockout, ISC's ability to carry on operations would be expected to be impaired significantly, which could have a material and adverse effect on the business, results of operations and financial condition.
Insurance May Not Provide Adequate Coverage	We carry various forms of insurance to protect ourselves from a variety of insurable risks. Our insurance may not provide sufficient coverage and insurance against certain risks may not be available to us, may be limited in amount or may not continue to be available at economically feasible premiums, or at all.

20 Internal Controls over Financial Reporting

The Company's management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, is responsible for establishing and maintaining appropriate internal controls over financial reporting. Internal controls over financial reporting have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The design and effectiveness of ISC's internal controls over financial reporting in accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as at December 31, 2017, was evaluated by management. The Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") was used to evaluate the effectiveness of our internal controls over financial reporting. Based on this evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that our internal controls over financial reporting were effective as at December 31, 2017.

The design scope of internal controls over financial reporting has been limited to exclude controls, policies and procedures of ERS and AVS, having been acquired less than 365 days prior to December 31, 2017.

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

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

21 Disclosure Controls and Procedures

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

The design scope of disclosure controls and procedures has been limited to exclude controls, policies and procedures of ERS and AVS, having been acquired less than 365 days prior to December 31, 2017.

The contribution of ERS to ISC's consolidated Financial Statements for the three months ended December 31, 2017, was approximately 4.0 per cent of revenue and 7.0 per cent of expenses and for the year ended December 31, 2017, was approximately 3.0 per cent of revenue and 8.0 per cent of expenses. ERS contributed 5.0 per cent of current assets, 11.0 per cent of non-current assets, 9.0 per cent of current liabilities and 3.0 per cent of non-current liabilities.

The contribution of AVS to ISC's consolidated Financial Statements for the three months and year ended December 31, 2017, was approximately 0.4 per cent of revenue and 0.5 per cent of expenses. AVS contributed 8.0 per cent of current assets, 34.0 per cent of non-current assets, 4.0 per cent of current liabilities and 46.0 per cent of non-current liabilities.

The design and effectiveness of ISC's disclosure controls and procedures in accordance with National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* as at December 31, 2017, was evaluated by management. Based on the foregoing evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that material information relating to the Company is made known to them and that information required to be disclosed by the Company is recorded, processed, summarized and reported within the time periods specified in applicable securities legislation.

22 Non-IFRS Financial Measures

22.1 Non-IFRS Financial Measures

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

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

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

22.2 Non-IFRS Financial Measures Definition

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

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

2017 Consolidated Financial Statements

For the Year Ended December 31, 2017

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Management's Responsibility

Management's Report on Consolidated Financial Statements

The accompanying consolidated financial statements of Information Services Corporation were prepared by management, which is responsible for the integrity and fairness of the information presented, including the many amounts that must, of necessity, be based on estimates and judgments. These consolidated financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Financial information appearing throughout our management's discussion and analysis is consistent with these consolidated financial statements.

In discharging our responsibility for the integrity and fairness of the consolidated financial statements and for the accounting systems from which they are derived, we maintain the necessary system of internal controls designed to ensure that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring employees, policies and procedure manuals, a corporate code of conduct, and accountability for performance within appropriate and well-defined areas of responsibility.

The Board of Directors oversees management's responsibilities for financial reporting through an Audit Committee, which is composed entirely of directors who are neither officers nor employees of Information Services Corporation. This Committee reviews our consolidated financial statements and recommends them to the Board of Directors for approval. Other key responsibilities of the Audit Committee include reviewing our existing internal control procedures and planned revisions to those procedures, and advising the directors on auditing matters and financial reporting issues.

Deloitte LLP, who was appointed by the shareholders of Information Services Corporation upon the recommendation of the Audit Committee and the Board of Directors' approval, have performed an independent audit of the consolidated financial statements and their report follows. The auditors have full and unrestricted access to the Audit Committee to discuss their audit and related findings.

Jeff Stusek
President and Chief Executive Officer

Shawn B. Peters, CPA, CA, ICD.D
Executive Vice-President and Chief Financial Officer

March 13, 2018

Independent Auditor's Report

To the Shareholders of Information Services Corporation

We have audited the accompanying consolidated financial statements of Information Services Corporation, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Information Services Corporation as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Professional Accountants

March 13, 2018
Regina, Saskatchewan

Consolidated Statements of Financial Position

(thousands of CAD dollars)	Note	As at December 31, 2017	As at December 31, 2016
Assets			
Current assets			
Cash	4	$ 31,265	$ 33,533
Short-term investments	5	301	150
Trade and other receivables	6	7,510	4,727
Income tax recoverable		-	1,518
Prepaid expenses		1,913	1,872
Total current assets		40,989	41,800
Non-current assets			
Property, plant and equipment	8	4,504	5,402
Intangible assets	9	47,022	24,495
Goodwill	10	44,473	13,141
Investment in associate	11	-	6,011
Deferred tax asset	13	34,837	40,472
Total assets		**$ 171,825**	$ 131,321
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	12	$ 16,522	$ 14,425
Long-term debt - current portion	15	1,500	1,500
Income tax payable	13	3,223	-
Deferred revenue		1,407	438
Total current liabilities		22,652	16,363
Non-current liabilities			
Other long-term liability	16, 23	15,723	-
Deferred revenue		-	19
Deferred tax liability	13	9,419	3,683
Long-term debt	15	20,060	21,935
Total non-current liabilities		45,202	25,637
Shareholders' equity			
Share capital	18	19,955	19,955
Equity settled employee benefit reserve	14	1,070	599
Accumulated other comprehensive income		390	-
Retained earnings		82,556	68,767
Total shareholders' equity		103,971	89,321
Total liabilities and shareholders' equity		**$ 171,825**	$ 131,321

See Note 25 for Commitments and Contingencies
See accompanying Notes

APPROVED BY THE BOARD OF DIRECTORS ON MARCH 13, 2018:

Joel Teal
Director

Anthony Guglielmin
Director

Consolidated Statements of Comprehensive Income

(thousands of CAD dollars)	Note		Year Ended December 31, 2017		Year Ended December 31, 2016
Revenue	22	$	93,592	$	88,375
Expenses					
Wages and salaries			32,802		28,008
Information technology services			10,179		9,602
Depreciation and amortization	8, 9		7,507		8,429
Occupancy costs			5,292		4,992
Professional and consulting services			4,511		5,564
Cost of goods sold			4,141		3,586
Financial services			2,235		2,362
Project initiatives			2,823		3,214
Other			2,204		2,172
Total expenses			71,694		67,929
Net income before items noted below			21,898		20,446
Finance (expense) income					
Interest income	4		369		256
Interest expense			(876)		(577)
Net finance (expense)			(507)		(321)
Share of profit in associate	11		610		1,654
Change in contingent consideration			-		(1,000)
Gain on sale of associate	11		15,438		-
Income before tax			37,439		20,779
Income tax expense	13		(9,650)		(5,276)
Net income		**$**	**27,789**	$	15,503
Other comprehensive income (loss)					
Items that may be subsequently reclassified to net income					
Unrealized gain on translation of financial statements of foreign operations			429		-
Change in fair value of marketable securities, net of tax			(39)		-
Other comprehensive income for the year			390		-
Total comprehensive income		**$**	**28,179**	$	15,503
Earnings per share ($ per share)					
Total, basic	17	**$**	**1.59**	$	0.89
Total, diluted	17	**$**	**1.58**	$	0.88

See accompanying Notes

Consolidated Statements of Changes in Equity

(thousands of CAD dollars)	Note	Retained Earnings	Share Capital	Accumulated Other Comprehensive Income	Equity Reserve	Total
Balance at January 1, 2016		$ 67,264	$ 19,955	$ –	$ 223	$ 87,442
Net income		15,503	–	–	–	15,503
Stock option expense	14	–	–	–	376	376
Dividend declared		(14,000)	–	–	–	(14,000)
Balance at December 31, 2016		$ 68,767	$ 19,955	$ –	$ 599	$ 89,321
Balance at January 1, 2017		$ 68,767	$ 19,955	$ –	$ 599	$ 89,321
Net income		27,789	–	–	–	27,789
Other comprehensive income		–	–	390	–	390
Stock option expense	14	–	–	–	471	471
Dividend declared		(14,000)	–	–	–	(14,000)
Balance at December 31, 2017		**$ 82,556**	**$ 19,955**	**$ 390**	**$ 1,070**	**$ 103,971**

See accompanying Notes

Consolidated Statements of Cash Flows

(thousands of CAD dollars)	Note	Year Ended December 31, 2017	Year Ended December 31, 2016
Operating			
Net income		$ 27,789	$ 15,503
Add: Charges not affecting cash			
Depreciation	8	1,446	1,791
Amortization	9	6,061	6,638
Foreign exchange (gain)		(8)	–
Deferred tax expense recognized in net income		4,604	3,486
Gain on disposal of property, plant and equipment		(1)	(1)
Recovery of MARS* project expenses	9	232	232
Net finance expense		507	321
Stock option expense	14	471	376
Share of profit in associate		(610)	(1,654)
Gain on sale of associate		(15,438)	–
Net change in non-cash working capital	24	7,871	(528)
Net cash flow provided by operating activities		**32,924**	26,164
Investing			
Interest received		369	256
Cash received on disposal of property, plant and equipment		3	2
Additions to property, plant and equipment		(448)	(851)
Additions to intangible assets		(1,686)	(5,848)
Net cash outflow on acquisition in subsidiary	23	(38,724)	–
Net cash outflow on investment in associate	11	(2,451)	(995)
Net proceeds from sale of associate		24,511	–
Net cash flow used in investing activities		**(18,426)**	(7,436)
Financing			
Interest paid		(883)	(491)
Repayment of long-term debt		(1,875)	(1,125)
Repayment of operating loan		(10,000)	–
Drawdown of operating loan		10,000	–
Contingent consideration paid		–	(6,000)
Dividend paid		(14,000)	(14,000)
Net cash flow used in financing activities		**(16,758)**	(21,616)
Effects of exchange rate changes on cash held in foreign currencies		(8)	–
Decrease in cash		(2,268)	(2,888)
Cash, beginning of year		33,533	36,421
Cash, end of year		**$ 31,265**	$ 33,533

* Mineral Administration Registry Saskatchewan

See accompanying Notes

1 Status of the Company

Information Services Corporation ("ISC" or the "Company") is a Canadian corporation with its 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, directly or through its subsidiaries, is a provider of registry and information management services for public data and records and is the exclusive provider of the Land Titles Registry, Land Surveys Directory, Geomatics, Personal Property Registry and Corporate Registry (collectively, the "Registries") in Saskatchewan.

The Company owns 100 per cent of ESC Corporate Services Ltd. ("ESC"), a leading technology-enabled corporate services provider. ESC is incorporated under the *Business Corporations Act* (Ontario) and provides services to law firms, corporations, financial institutions and others to fulfil a wide variety of clients' public records due diligence, filings and corporate supply requirements in connection with public business registries in Canada and certain other countries. ESC has offices in Toronto, ON, and Montreal, QC.

On January 23, 2017, the Company acquired all of the issued and outstanding common shares of Enterprise Registry Solutions Ltd. ("ERS"). Headquartered in Dublin, Ireland, ERS is a provider of 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. This acquisition enhances ISC's core registry offering by adding leading technology solutions and consultancy services. The Company completed the transaction with $14.3 million of the purchase price paid on closing of the transaction and up to €5.0 million in additional consideration contingent on the retention of existing leadership and realization of future business (see Note 23).

On October 5, 2017, the Company's wholly owned subsidiary ISC Enterprises Inc. ("ISC Ent") sold its 30.1 per cent ownership stake in Dye & Durham Corporation ("Dye & Durham") for $25.0 million cash and recorded a gain before tax of $15.4 million (see Note 11).

On December 21, 2017, the Company through its wholly owned subsidiary ESC acquired all issued and outstanding shares of AVS Systems Inc. ("AVS"). AVS provides automation software technology services to serve lending, leasing, and credit issuing businesses and institutions in Canada. The Company paid $25.0 million in cash on closing. The Company may 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 (see Note 23).

2 Basis Of Presentation

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IAS Board").

The Company's Board of Directors (the "Board") authorized the consolidated financial statements for the year ended December 31, 2017, for issue on March 13, 2018.

Basis of measurement

The consolidated 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 – *Share-based Payment* and measurements that have some similarities to fair value but are not fair value, such as net realizable value in International Accounting Standards ("IAS") 2 – *Inventories* or value in use in IAS 36 – *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional and presentation currency

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

Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Company and its wholly owned significant operating subsidiaries: ISC Saskatchewan Inc. ("ISC Sask"), ISC Ent, ESC and 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 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, plant and equipment (Note 8);
- the carrying value, impairment and estimated useful lives of intangible assets (Note 9) and goodwill (Note 10);
- the recoverability of deferred tax assets (Note 13); and
- the measurement of the contingent consideration to be paid in conjunction with the ERS and AVS acquisition (Notes 16 and 23).

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

3 Summary of Significant Accounting Policies

Foreign Currency

The individual financial statements of each subsidiary entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each subsidiary entity are presented in Canadian dollars, which is the functional currency of the parent Company and the presentation currency for the financial statements.

In preparing the financial statements of the individual subsidiaries, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences are recognized in earnings in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are expressed in Canadian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. Foreign currency gains and losses are recognized in other comprehensive income. The relevant amount in cumulative foreign currency translation adjustment is reclassified into earnings upon disposition or partial disposition of a foreign operation and attributed to non-controlling interests as appropriate.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and any provisions for impairment. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-developed assets includes materials, services, direct labour and directly attributable overhead. Interest costs associated with major capital and development projects are capitalized during the development period. Depreciation of assets under development will commence once they are operational and available for use.

The costs of maintenance, repairs, renewals or replacements which do not extend productive life of an asset are charged to operations when incurred. The costs of replacements and improvements which extend productive life are capitalized.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

Depreciation is recorded on property, plant and equipment on the straight-line basis, which is the cost of the asset less its residual value over the estimated productive life of each asset. The useful life of each asset is as follows:

Leasehold improvements	Term of lease
Office furniture	2-10 years
Office equipment	2-10 years
Hardware	3 years

The estimated useful life and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Gains or losses arising from the disposition or retirement of an item of property, plant and equipment are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statements of comprehensive income.

Intangible assets

Intangible assets consist of acquired and internally developed internal-use software and business solutions. It also includes externally acquired customer contracts, customer and partner relationships, brand, non-competes, other intangible assets, and assets under development.

Intangible assets acquired separately

Internal-use software and business solutions acquired separately are carried at cost less accumulated amortization and any accumulated impairment losses. Internal-use software, business solutions, customer and partner relationships, brand, and non-competes acquired through business combinations are initially recorded at their fair value based on the present value of expected future cash flows, which involves estimates about the future cash flows and discount rates.

Internally generated intangible assets

Research expenditures are expensed while internal-use software developed internally and business solutions developed internally and marketed externally are capitalized only when they meet the recognition criteria for internally generated intangible assets as provided under IFRS. An internally generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for an internally generated intangible asset is the sum of the expenditures incurred from the date when the intangible asset first meets the recognition criteria. If no internally generated intangible asset can be recognized, development expenditures are charged to operations in the period in which they are incurred. Subsequent to initial recognition, an internally generated intangible asset is reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as an intangible asset acquired separately.

Amortization of intangible assets

Amortization is recorded on intangible assets on the straight-line over the corresponding estimated useful life of the applicable assets. The estimated useful life and amortization methods are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statements of comprehensive income.

Internal-use software	3-15 years
Business solutions	5-7 years
Contracts	Term of contract
Customer and partner relationships	5-15 years
Brand, non-competes and other	1-15 years
Assets under development	N/A (not ready for use)

Impairment of tangible and intangible assets

At each statement of financial position date, ISC reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, ISC estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGUs; otherwise, they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Intangible assets not yet available for use are tested for impairment annually in December and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized immediately in comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in comprehensive income.

Goodwill

Goodwill arising on the acquisition of a business represents the excess of the purchase price over the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Impairment of goodwill

For the purpose of impairment testing, goodwill is allocated to the CGUs expected to benefit from the synergies of the combination. CGUs are tested for impairment annually or more frequently if events indicate that the units may be impaired. The Company's reporting segments that correspond to the CGUs for impairment testing are disclosed in Note 10.

When the recoverable amount of the CGU is less than the carrying amount of the CGU, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the CGU on a pro rata basis. An impairment loss recognized for goodwill is not reversed in a subsequent year. The Company performs its annual review of goodwill in December each year.

Business acquisition

Business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated at the date of acquisition as the sum of the fair values of the assets transferred by the Company and the liabilities incurred by the Company to the former owners of the acquiree in exchange for the control of the acquiree. Acquisition costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except the deferred tax assets and liabilities are recognized and measured in accordance with IAS 12 – *Income Taxes*.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree, if applicable, over the net of the identifiable assets acquired and the liabilities assumed at date of acquisition.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in fair value of the contingent consideration that do not qualify as a measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 – *Financial Instruments, Recognition and Measurement*, or IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss recognized in net earnings or loss.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. ISC has determined that all leases entered into by the Company are classified as operating leases, as the risks and rewards of ownership have not been transferred to the Company.

Operating lease payments are recognized as an expense on the straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on the straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Revenue recognition

Revenue from the Registries and other services are recognized in the accounts when services are rendered. Amounts received in advance of Geomatics services being performed are reflected as deferred revenue and are recorded as revenue when services are rendered. Amounts received from customers in advance are reflected as 'advances from customers' and are recorded as revenue when services are rendered.

Revenue from the Registries and other services is recognized in the accounts when services are rendered. Amounts received in advance of Geomatics services being performed are reflected as deferred revenue and are recorded as revenue when services are rendered. Amounts received from customers in advance are reflected as 'advances from customers' and are recorded as revenue when services are rendered.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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. The outcome of a contract can be estimated reliably when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue from time and material contracts is recognized at the contractual rates as labour hours are delivered and direct expenses are incurred.

Employee benefits

The Company provides pension plans for all eligible employees.

Certain Saskatchewan employees hired prior to October 1, 1977, participate in the Public Service Superannuation Plan, a defined benefit plan. Pension obligations for this plan are the responsibility of the General Revenue Fund of the Province of Saskatchewan.

Saskatchewan employees hired after October 1, 1977, make contributions to the Public Employees Pension Plan, a defined contribution plan. The Company's obligations are limited to making regular payments to the plans for current services. These contributions are expensed.

ESC employees make contributions to a defined contribution plan. The Company's obligations are limited to making regular payments to the plans for current services.

ERS employees have an option to make contributions to a defined contribution plan. The Company's obligation is limited to matching employee contributions up to a maximum rate of 5 per cent of salary. These contributions are expensed.

Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the statements of financial position and transferred to profit on a systematic and rational basis over the useful life of the related assets.

Other government grants are recognized as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

Other government grants are netted against the related expenses as services are performed.

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

At initial recognition, all financial instruments are classified in one of the following categories depending on the purpose for which the instruments were acquired.

Financial assets and liabilities at fair value through profit or loss

Financial assets and liabilities at fair value through profit or loss ("FVTPL") are financial assets and liabilities held for trading or that are designated as such by management. Such assets are held for trading if they are acquired principally for the purpose of selling in the short term. These assets and liabilities are initially recognized, and subsequently carried, at fair value, with changes recognized in the consolidated statements of comprehensive income. Transaction costs are expensed. Assets and liabilities in this category include cash, short-term investments, and the contingent consideration related to the AVS acquisition.

Available-for-sale

Non-derivative financial assets not included in the above category are classified as available-for-sale ("AFS"). They are carried at fair value with changes therein, other than impairment losses, interest calculated using the effective interest method and foreign currency differences on AFS monetary items, recognized in other comprehensive income or loss. When an investment is derecognized or is determined to be impaired, the cumulative gain or loss previously recognized in equity is transferred to profit or loss for the period.

Loans and receivables

Loans and receivables ("LAR") are subsequently measured at amortized cost using the effective interest method, less any impairment losses, with interest expense recognized on an effective yield basis. Assets in this category include trade receivables.

Other financial liabilities

Other financial liabilities ("OFL") are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. Liabilities in this category include trade and other payables, dividend payable, and long-term debt.

Borrowing costs

Borrowing costs directly attributable to the purchase, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Share-based compensation plan

A deferred share unit ("DSU") plan has been approved by the Board, which is described in Note 14. The Company has recognized an obligation at an estimated amount based on the fair value of the DSUs as of the grant date using the market value of the Company's Class A Shares on the TSX. 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. Compensation expense is recognized in proportion to the amount of DSUs vested. The DSUs can be settled in cash or shares that are purchased from the open market by a broker. As a result, at the end of each reporting period, the estimates are re-assessed based on the fair value of the DSUs with any change in estimate recognized in the obligation and expense.

A stock option plan has been approved by the Board and shareholders, which is described in Note 14. The Company has recognized an obligation at an estimated amount based on the fair value of the stock options as of the grant date using the Black-Scholes option pricing model. The share-based compensation expense is recognized in proportion to the amount of stock options vested. This expense for the reporting period also represents the total carrying amount of the equity settled employee benefit reserve arising from these stock options.

Investment in associate

The Company has recorded its investment in associate using the equity method. The carrying amount of the investment in associate is calculated at cost plus the entity's subsequent share of the associate's comprehensive income. If, at the end of a reporting period, there is an indication that an investment may be impaired, the entire carrying amount of the investment is tested for impairment. If the carrying amount of the investment is found to be less than its recoverable amount, the carrying amount is reduced to its recoverable amount and an impairment loss is immediately recognized in profit or loss.

Changes in accounting policies

The Company has adopted the following new and revised standards, along with any consequential amendments, effective January 1, 2017, or on such date as they became applicable. These changes were made in accordance with the applicable transitional provisions. The adoption of these changes did not require any adjustments to the consolidated financial statements.

Standard	Description
Amendment to IAS 7 – *Statements of Cash Flows*	The amendment to IAS 7 require disclosures that enables users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. To address this, the Company has presented a reconciliation between opening and closing balances of liabilities with changes arising from financing activities in Note 16.
Amendment to IAS 12 – *Income Taxes*	Clarification of recognizing a deferred tax asset that is related to a debt instrument measured at fair value. This standard has no impact to the current year financial statements.

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
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 will not have a material impact on the financial statements of the Company.	January 1, 2018
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 will 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 will be required to amend certain note disclosures to accommodate the new standard.	January 1, 2018

Proposed Standard	Description	Effective Date
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. Due to the recent acquisition of AVS, the company continues to assess the impact of the new standard on ESC. With the exception of AVS, the Company has completed assessments of all revenue streams of existing operations. The adoption of IFRS 15 will not have a significant impact to the financial results of the Company.	January 1, 2018
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 2017 is $369 thousand (2016 – $256 thousand).

5 Short-Term Investments

The components of short-term investments are as follows:

(thousands of CAD dollars)	**December 31, 2017**	December 31, 2016
Guaranteed investment certificates (GICs)	$ 150	$ 150
Marketable securities at fair value	151	–
Total short-term investments	**$ 301**	$ 150

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 and September 2018. Marketable securities consist of an investment in less than 5 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)	December 31, 2017	December 31, 2016
Trade receivables	$ 6,497	$ 3,363
GST/HST/VAT receivable	383	484
Other	630	880
Total trade and other receivables	**$ 7,510**	$ 4,727

7 Seasonality

Our Registries segment experiences moderate seasonality, primarily because Land Titles revenue fluctuates in line with real estate transaction activity in Saskatchewan. Typically, our second and third quarters generate higher revenue during the fiscal year when real estate activity is traditionally highest. Our Services segment is sufficiently diversified with little seasonality to its revenue performance. However, some smaller categories of products or services can have some seasonal variation, slightly increasing during the second and fourth quarters.
Our Corporate segment, which includes the balance of our corporate activities and shared services functions, as well as the services and functions of ERS, does not experience seasonality. Expenses, however, are generally consistent from quarter to quarter, but can fluctuate due to the timing of project-related activities or the addition of acquisitions.

8 Property, Plant And Equipment

(thousands of CAD dollars)	Leasehold Improvements	Office Furniture	Office Equipment	Hardware	Asset under Development	Total
Cost						
Balance at December 31, 2015	$ 9,708	$ 3,154	$ 148	$ 1,997	$ 1,141	$ 16,148
Additions	15	46	1	24	471	557
Disposals	–	(14)	(6)	(124)	–	(144)
Transfers	957	17	50	588	(1,612)	–
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
Accumulated depreciation						
Balance at December 31, 2015	$ 5,678	$ 2,258	$ 79	$ 1,496	$ –	$ 9,511
Depreciation	826	264	37	664	–	1,791
Disposals	–	(13)	(6)	(124)	–	(143)
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
Carrying value						
At December 31, 2016	$ 4,176	$ 694	$ 83	$ 449	$ –	$ 5,402
At December 31, 2017	**$ 3,530**	**$ 475**	**$ 59**	**$ 375**	**$ 65**	**$ 4,504**

9 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, 2015	$ 9,847	$ 84,842	$ –	$ 1,627	$ 1,333	$ 10,844	$ 3,557	$ 112,050
Additions	82	–	–	–	–	2,010	3,626	5,718
Disposals	(244)	(7,409)	–	–	–	–	–	(7,653)
Transfers	6,311	–	–	–	–	–	(6,311)	–
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
Impairment	–	–	–	–	–	–	–	–
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
Accumulated Depreciation								
Balance at December 31, 2015	$ 5,785	$ 79,418	$ –	$ 1,027	$ 31	$ 142	$ –	$ 86,403
Amortization	2,056	3,369	–	27	188	998	–	6,638
Disposals	(244)	(7,409)	–	–	–	–	–	(7,653)
Recovery of MARS* expenses	–	–	–	232	–	–	–	232
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
Carrying Value								
At December 31, 2016	$ 8,399	$ 2,055	$ –	$ 341	$ 1,114	$ 11,714	$ 872	$ 24,495
At December 31, 2017	**$ 15,425**	**$ 1,105**	**$ 1,825**	**$ 269**	**$ 1,703**	**$ 24,815**	**$ 1,880**	**$ 47,022**

* Mineral Administration Registry Saskatchewan

10 Goodwill

The components of goodwill are as follows:

(thousands of CAD dollars)	**December 31, 2017**	December 31, 2016
Balance, beginning of year	$ 13,141	$ 13,141
Additions (Note 23)	31,105	–
Foreign exchange adjustment	227	–
Balance, end of year	**$ 44,473**	$ 13,141

For the purposes of the annual impairment testing, goodwill is allocated to the following CGUs which are the groups of units expected to benefit from the synergies of the business combinations:

(thousands of CAD dollars)	**December 31, 2017**	December 31, 2016
ISC	$ 5,800	$ –
ESC including Alliance Online Ltd.	13,587	13,141
AVS[1]	20,926	–
ERS	4,160	–
Balance at December 31, 2017	**$ 44,473**	$ 13,141

[1] Due to the AVS acquisition occurring December 21, 2017, no impairment test was performed at December 31, 2017.

The Company performs a goodwill impairment test annually on December 31 and whenever there is an indication of impairment. No impairment of goodwill was identified as a result of the Company's most recent annual impairment test.

The Company has used the value in use method to evaluate the carrying amount of goodwill for the ESC and ERS CGUs and the market capitalization approach for ISC. Key assumptions include an estimate of current cash flow, taxes, a perpetual growth rate of 2% (2016 – 2%) and discount rates ranging from 15.0 - 15.1% (2016 – 15.5%).

Recoverable amounts

Management's past experience and future expectations of the business performance are used to make a best estimate of the expected revenue, earnings before interest, taxes, and depreciation and amortization and operating cash flows for a three- to four-year period.

Perpetual growth rate

The perpetual growth rate based on management's current assessment of the long-term growth prospect of the Company in the jurisdictions in which it operates.

Working capital and capital investment

The Company's valuation model also takes account of working capital and capital investments to maintain the condition of the assets of each CGU group.

Discount rate

The discount rate applied is a pre-tax rate that reflects the time value of money and the risk associated with the respective CGU.

11 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 through its wholly owned subsidiary, ISC Ent. 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.

On March 31, 2017, Dye & Durham announced it had acquired 100 per cent of OnCorp Direct Inc. ("OnCorp"), a leading provider of corporate and personal property search and registration services, due diligence, and other registry-related services to legal and financial professionals, corporations and financial institutions across Canada.

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).

12 Accounts Payable and Accrued Liabilities

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

(thousands of CAD dollars)	**December 31, 2017**	December 31, 2016
Trade payables	$ 1,437	$ 1,569
Accrued liabilities	7,489	5,214
Advances from customers	4,096	4,135
Dividend payable	3,500	3,500
Provision for early retirement plan	–	7
Total accounts payable and accrued liabilities	**$ 16,522**	$ 14,425

13 Tax Provision

The Company is subject to federal and provincial income taxes at an estimated combined statutory rate of 26.75 per cent (2016 – 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.

(thousands of CAD dollars)	December 31, 2017	December 31, 2016
Current tax expense	$ 5,046	$ 1,790
Deferred tax expense	4,604	3,486
Income tax expense	**$ 9,650**	$ 5,276

Income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to earnings before taxes for the following reasons:

(thousands of CAD dollars)	Year Ended December 31, 2017	2016
Net income before tax	$ 37,439	$ 20,779
Combined statutory income tax rate	26.75%	27.0%
Expected income tax expense	10,015	5,610
Increase (decrease) in income tax resulting from:		
Investment in associate – non-taxable items	(2,228)	(447)
Non-deductible expenses/non-taxable income	539	375
Foreign income tax rate differential	336	–
Scientific research and experimental development ("SR&ED") reassessment	324	–
Adjustment to prior year's deferred tax assets	266	–
Impact of change in tax rates	109	–
Tax pools not previously recognized	–	(264)
Unrecognized tax asset[1]	114	–
Other	175	2
Income tax expense	**$ 9,650**	$ 5,276
Effective income tax rate	**25.8%**	25.4%

[1] No deferred tax asset 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.

Income tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are as follows:

(thousands of CAD dollars)	Net Balance January 1, 2017	Recognized in Profit or Loss	Acquisitions	Foreign Exchange Movement	Net Balance December 31, 2017	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	$ 254	$ (43)	$ (10)	$ –	$ 201	$ 180	$ 21
Intangible assets	30,632	(323)	(6,741)	(16)	23,552	32,992	(9,440)
Investment in associate	(232)	232	–	–	–	–	–
Non-capital losses	5,750	(4,378)	–	–	1,372	1,372	–
Other assets	385	(92)	–	–	293	293	–
Net deferred tax assets (liabilities)	**$ 36,789**	**$ (4,604)**	**$ (6,751)**	**$ (16)**	**$ 25,418**	**$ 34,837**	**$ (9,419)**

(thousands of CAD dollars)	Net Balance January 1, 2016	Recognized in Profit or Loss	Acquisitions	Foreign Exchange Movement	Net Balance December 31, 2016	Deferred Tax Asset	Deferred Tax Liability
Property, plant and equipment	$ 120	$ 134	$ –	$ –	$ 254	$ 191	$ 63
Intangible assets	33,130	(2,498)	–	–	30,632	34,156	(3,524)
Investment in associate	(9)	(223)	–	–	(232)	–	(232)
Non-capital losses	6,860	(1,110)	–	–	5,750	5,740	10
Other assets	174	211	–	–	385	385	–
Net deferred tax assets (liabilities)	$ 40,275	$ (3,486)	$ –	$ –	$ 36,789	$ 40,472	$ (3,683)

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.

14 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 Limited Voting Shares ("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 December 31, 2017, are as follows:

	Units	Weighted Average Award Price
Balance at January 1, 2017	41,492.55	$ 16.97
DSUs/DEUs redeemed January 10, 2017	(1,351.78)	18.16
DSUs/DEUs redeemed March 18, 2017	(724.50)	18.24
DSUs/DEUs redeemed May 16, 2017	(2,027.67)	18.80
DSUs granted May 17, 2017	15,222.00	18.85
Total notional dividend equivalents declared to date	5,464.00	17.06
Balance at December 31, 2017	**58,074.60**	**$ 17.37**

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 twelve months ended December 31, 2017, totalled $327 thousand (2016 – $418 thousand). The total carrying amount of the liability arising from the DSUs as of December 31, 2017, totalled $1.1 million (December 31, 2016 – $800 thousand). 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 December 31, 2017, 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 twelve months ended December 31, 2017, are as follows:

	Units	Average Exercise Price
Balance at December 31, 2016	759,259	$ 15.41
Stock options granted May 17, 2017	317,341	18.85
Balance at December 31, 2017	**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, 2016 – $15.41). 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 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 twelve months ended December 31, 2017, totalled $471 thousand (2016 – $376 thousand). The total carrying amount of the equity settled employee benefit reserve arising from these stock options as of December 31, 2017, totalled $1.1 million (December 31, 2016 – $599 thousand).

15 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 December 31, 2017, 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 (December 31, 2017 and 2016 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)	**December 31, 2017**	December 31, 2016
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 six-month bankers' acceptance note bearing interest at 1.658 per cent per annum that matures on March 16, 2018 (December 31, 2016 – a bankers' acceptance note, due June 21, 2017, bearing interest at 1.100 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 $375 thousand and matures on October 1, 2019. This facility currently consists of a prime based loan with interest at 3.9 per cent per annum (December 31, 2016 – prime based loan with interest at 3.4 per cent per annum).		
Current portion	1,500	1,500
Long-term portion	10,125	12,000
Total long-term debt	**$ 21,560**	$ 23,435

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") (defined in 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 2017 and 2016 were 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)	Year Ended December 31, 2017
Financing activities:	
Interest paid (a)	$ (883)
Repayment of long-term debt (b)	(1,875)
Repayment of operating loan (c)	(10,000)
Drawdown of operating loan (c)	10,000
Dividends paid (d)	(14,000)
Net cash flow used in financing activities	**$ (16,758)**

				Non-cash Changes			
(thousands of CAD dollars)	Year Ended December 31, 2016[1]	Cash Flows[2]		Acquisitions	Foreign Exchange Movement	Fair Value and Other Changes	Year Ended December 31, 2017
Interest payable	$ –	$ (883)	(a)	$ –	$ –	$ 883	$ –
Long-term debt including current portion	23,435	(1,875)	(b)	–	–	–	21,560
Operating loan	–	–	(c)	–	–	–	–
Dividends payable	3,500	(14,000)	(d)	–	–	14,000	3,500
Contingent consideration – long-term				14,762	38	923	15,723
Net cash flow using in financing activities	$ 26,935	$ (16,758)		$ 14,762	$ 38	$ 15,806	**$ 40,783**

[1] With the implementation of IAS 7 – *Statement of Cash Flows*, the Company is not required to provide the comparative information for preceding periods.

[2] The cash flows from long-term and short-term debt make up the net amount of proceeds and repayments presented in the statement of cash flows.

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)	December 31, 2017	December 31, 2016
Net income	$ 27,789	$ 15,503
Weighted average number of shares, basic	17,500,000	17,500,000
Potential dilutive shares resulting from stock options	95,648	35,471
Weighted average number of shares, diluted	17,595,648	17,535,471
Earnings per share ($ per share)		
Total, basic	**$ 1.59**	$ 0.89
Total, diluted	**$ 1.58**	$ 0.88

18 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, 2016	17,500,000	$ 19,955	1	$ –
No movement	–	–	–	–
Balance at December 31, 2016	17,500,000	19,955	1	$ –
Balance at January 1, 2017	17,500,000	19,955	1	–
No movement	–	–	–	–
Balance at December 31, 2017	**17,500,000**	**$ 19,955**	**1**	**$ –**

Capital management

The Company's capital at December 31, 2017, 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)	December 31, 2017	December 31, 2016
Long-term debt	$ 21,560	$ 23,435
Share capital	19,955	19,955
Accumulated other comprehensive income	390	–
Equity settled employee benefit reserve	1,070	599
Retained earnings	82,556	68,767
Capitalization	**$ 125,531**	$ 112,756

19 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 December 31, 2017, is $39.1 million (December 31, 2016 – $38.4 million) equal to the carrying value of the Company's financial assets, those being cash at $31.2 million (December 31, 2016 – $33.5 million), short-term investments at $0.3 million (December 31, 2016 – $0.2 million) and trade receivables at $7.5 million (December 31, 2016 – $4.7 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)	December 31, 2017	December 31, 2016
Cash	$ 31,265	$ 33,533
Short-term investments	301	150
Current trade and other receivables	5,903	4,050
Up to three months past due date	1,282	638
Greater than three months past due date	325	39
Total credit risk	**$ 39,076**	$ 38,410

Interest rate risk

The Company is subject to interest rate risks as the Credit Facilities (Note 15) bears 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 December 31, 2017 and 2016. As the sensitivity is hypothetical, it should be used with caution.

	December 31, 2017		December 31, 2016	
(thousands of CAD dollars)	+ 100 bps*	– 100 bps	+ 100 bps	– 100 bps
Increase (decrease) in interest expense	$ 125	$ (125)	$ 140	$ (140)
Decrease (increase) in net income before tax	$ 125	$ (125)	$ 140	$ (140)
Decrease (increase) in total comprehensive income	$ 92	$ (92)	$ 103	$ (103)

* 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 December 31, 2017:

(thousands of CAD dollars)	Carrying Amount	Contractual Cash Flows	0-6 months	7-12 months	12+ months
Long-term debt	$ 21,560	$ 22,318	$ 10,918	$ 975	$ 10,425
Accounts payable and accrued liabilities	16,522	16,522	16,522	–	–
Other long-term liabilities	14,762	16,135	–	–	16,135
Total liabilities	**$ 52,844**	**$ 54,975**	**$ 27,440**	**$ 975**	**$ 26,560**

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:

			December 31, 2017		December 31, 2016	
(thousands of CAD dollars)	Classification	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Cash	FVTPL	L2	$ 31,265	$ 31,265	$ 33,533	$ 33,533
Short-term investments						
GICs	FVTPL	L2	150	150	150	150
Marketable securities	AFS	L1	151	151	–	–
Trade and other receivables	LAR	L2	7,510	7,510	4,727	4,727
Financial liabilities						
Accounts payable and accrued liabilities	OFL	L2	16,522	16,522	14,425	14,425
Long-term debt – current portion	OFL	L2	1,500	1,500	1,500	1,500
Long-term debt	OFL	L2	20,060	20,060	21,935	21,935
Other long-term liabilities	FVTPL	L2	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 December 31, 2017, on net monetary assets was a decrease (increase) of $52 thousand and on net assets was an increase (decrease) of $1.3 million. The Company's exposure to other currencies is negligible at the end of the period.

20 Related Party Transactions

Included in these consolidated financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Company by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties"). The Company has elected to take the exemption under IAS 24 – *Related Party Disclosures* which allows government-related entities to limit the extent of disclosures about related party transactions with government or other government-related entities.

Routine operating transactions with related parties are settled at agreed upon exchange amounts under normal trade terms. In addition, the Company pays provincial sales tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases. Other amounts and transactions due to and from related parties and the terms of settlement are described separately in these consolidated financial statements and the notes thereto.

21 Compensation of Key Management Personnel

Key management personnel include the directors, the President and Chief Executive Officer, Chief Financial Officer, Executive Vice-Presidents, Vice Presidents and President, ESC. The compensation of the key management team during the period was as follows:

	Year Ended December 31,	
(thousands of CAD dollars)	**2017**	2016
Wages, salaries and short-term benefits	$ 3,065	$ 2,211
Share-based compensation	722	1,399
Defined contribution plan	147	89
Total compensation	**$ 3,934**	$ 3,699

The compensation of directors and the President and Chief Executive Officer is determined by the Board upon recommendation of its Compensation Committee having regard to the performance of individuals and market trends.

22 Segment Information

Operating segments are identified as components of a company where separate discrete financial information is available for evaluation by the chief operating decision maker regarding allocation of resources and assessment of performance. The Company operates in two reportable segments described below, defined by their primary type of service offerings, namely Registries and Services. The balance of our corporate activities and shared services functions, including the services and functions provided by our subsidiary ERS are reported as Corporate.

- The Registries segment includes the provision of registry services with our core business commitment to the Government of Saskatchewan outlined in a 20-year Master Service Agreement.
- The Services segment contains the product and services we provide to legal and financial institutions through ESC.

The Company evaluates performance and allocated resources based on earnings before interest and income tax. Revenue reported in the following tables represents revenue generated from external customers.

Revenue and net income

For the year ended December 31, 2017

(thousands of CAD dollars)	Registries	Services	Corporate	Inter-segment Elimination	Total
Total revenue	**$ 74,888**	**$ 14,902**	**$ 3,802**	**$ –**	**$ 93,592**
Inter-segment revenue	**–**	**–**	**467**	**(467)**	**–**
Net income					
Net income (loss) from operations	26,243	4,182	(1,020)	–	29,405
Depreciation and amortization	(2,770)	(2,943)	(1,794)	–	(7,507)
Share of profit in associate	–	–	610	–	610
Earnings before interest and taxes	23,473	1,239	(2,204)	–	22,508
Net finance income (expense)	59	8	(574)	–	(507)
Inter-segment net finance income (expense)	–	(626)	626	–	–
Gain on sale of asset	–	–	15,438	–	15,438
Income tax expense	(7,120)	(522)	(2,008)	–	(9,650)
Net income (loss)	**$ 16,412**	**$ 99**	**$ 11,278**	**$ –**	**$ 27,789**
Capital expenditures	**$ 41**	**$ 427**	**$ 1,575**	**$ –**	**$ 2,043**

For the year ended December 31, 2016

(thousands of CAD dollars)	Registries	Services	Corporate	Inter-segment Elimination	Total
Total revenue	$ 73,950	$ 13,639	$ 786	$ –	$ 88,375
Net income					
Net income (loss) from operations	27,087	3,685	(1,897)	–	28,875
Depreciation and amortization	(3,931)	(2,638)	(1,860)	–	(8,429)
Share of profit in associate	–	–	1,654	–	1,654
Change in contingent consideration	–	(1,000)	–	–	(1,000)
Earnings before interest and taxes	23,156	47	(2,103)	–	21,100
Net finance income (expense)	7	4	(332)	–	(321)
Inter-segment net finance income (expense)	–	(578)	578	–	–
Income tax recovery (expense)	(5,307)	124	(93)	–	(5,276)
Net income (loss)	$ 17,856	$ (403)	$ (1,950)	$ –	$ 15,503
Capital expenditures	$ 3,189	$ 2,050	$ 1,036	$ –	$ 6,275

Inter-segment revenues are charged among segments at an arm's length rate, based on rates charged to third parties.

Assets and liabilities

As at December 31, 2017 (thousands of CAD dollars)	**Registries**	**Services**	**Corporate**	**Total**
Assets				
Total assets, excluding intangibles, goodwill and cash	$ 28,480	$ 5,340	$ 15,245	$ 49,065
Intangibles	4,359	36,488	6,175	47,022
Goodwill	5,800	34,513	4,160	44,473
Cash	17,181	4,229	9,855	31,265
Total assets	**$ 55,820**	**$ 80,570**	**$ 35,435**	**$ 171,825**
Liabilities	**$ 16,213**	**$ 38,816**	**$ 12,825**	**$ 67,854**

As at December 31, 2016 (thousands of CAD dollars)	Registries	Services	Corporate	Total
Assets				
Total assets, excluding intangibles, goodwill and cash	$ 33,847	$ 3,371	$ 22,934	$ 60,152
Intangibles	6,149	15,271	3,075	24,495
Goodwill	–	13,141	–	13,141
Cash	21,232	1,685	10,616	33,533
Total assets	$ 61,228	$ 33,468	$ 36,625	$ 131,321
Liabilities	$ 21,937	$ 18,088	$ 1,975	$ 42,000

The Registries revenue, which is the Company's largest segment, can be further detailed as follows:

(thousands of CAD dollars)	Year Ended December 31, **2017**	 2016
Land Titles Registry, Land Surveys Directory and Geomatics	$ 54,792	$ 54,921
Personal Property Registry	9,953	9,947
Corporate Registry	10,143	9,082
Total revenue	**$ 74,888**	$ 73,950

Total consolidated revenue is attributed to customers within Ireland and Canada. For the twelve months ended December 31, 2017, revenue within Ireland was $3.0 million (2016 – $nil) and the remainder was in Canada. Non-current assets are held in Canada and Ireland. At December 31, 2017, non-current assets held in Ireland were $8.2 million (2016 – $nil) while the remainder were held in Canada. The Company's top five customers for the Registries segment represent 19.1 per cent of total Registry segment revenue for the year ended December 31, 2017. Of those customers, no single customer represented more than 10.0 per cent of the total segment revenue.

23 Acquisition

During the year, 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)	ERS	Alliance	AVS	**2017**	2016
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)	ERS	Alliance – Preliminary Allocation	AVS – Preliminary Allocation	**2017**	2016
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 Ltd.

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.

The trade and other receivables acquired in this transaction with a fair value of $1.5 million consisted of $0.6 million of trade receivables, $0.3 million of unbilled revenue, $0.5 million of other receivables and $0.1 million of Value Added Tax ("VAT") receivables. These receivables are indemnified by the existing shareholders and thus are estimated to be fully collectible.

Professional fees associated with the cost of the acquisition recorded during 2017 were $0.3 million ($0.9 million for the twelve months ended December 31, 2016) and have been recorded in expenses on the consolidated statements of comprehensive income.

The revenue and net loss of the acquiree since the acquisition date included in the consolidated statements of comprehensive income for 2017 were $3.0 million and $(2.7) million, respectively.

The consolidated revenue and comprehensive income for the Company and the acquiree combined for 2017, as though the acquisition date for the business combination occurred during the year had been as of January 1, 2017, would have been $93.8 million, unaudited, and $27.3 million, unaudited, respectively.

Remuneration expense associated with the contingent consideration for the twelve months ended December 31, 2017, totalled $0.9 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 December 31, 2017, is $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 relations 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 Online Ltd., 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 relations 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 $14.8 million at December 31, 2017 and is recorded in other long-term liabilities.

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 trade and other receivables acquired in this transaction with a fair value of $2.2 million consisted of $1.3 million of trade receivables and $0.9 million of unbilled revenue. These receivables are estimated to be fully collectible.

Professional fees associated with the cost of the acquisition recorded during 2017 were $0.5 million and have been recorded in expenses on the consolidated statements of comprehensive income.

The revenue and net earnings of the acquiree since the acquisition date included in the consolidated statements of comprehensive income for 2017 were $0.4 million and nil, respectively.

The consolidated revenue and comprehensive income for the Company and the acquiree combined for 2017, as though the acquisition date for the business combination occurred during the year had been as of January 1, 2017, would have been $116.2 million, unaudited, and $27.7 million, unaudited, respectively.

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 ERS. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

24 Net Change in Non-Cash Working Capital

The net change during the period comprised the following:

	Year Ended December 31,	
(thousands of CAD dollars)	**2017**	2016
Trade and other receivables	$ 1,067	$ (512)
Prepaid expenses	283	(200)
Accounts payable and accrued liabilities	1,631	1,568
Deferred revenue	845	(256)
Income taxes	4,045	(1,128)
Net change in non-cash working capital	**$ 7,871**	$ (528)

Income taxes paid, net of refunds received, for the twelve months ended December 31, 2017, totalled $1.0 million (2016 – $2.9 million).

25 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 a Master Service Agreement (the "MSA") with the Government of Saskatchewan dated May 30, 2013, the Company was appointed, on an exclusive basis, to manage and operate the Land Titles Registry, Land Surveys Directory, Personal Property Registry and 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 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 instalment payable on or before March 1, in each calendar year of the term commencing with an initial payment which was due on March 1, 2014.

Commitments

As of December 31, 2017, 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	$ 3,304	$ 4,664	$ 500	$ 8,468
2019	3,283	1,896	500	5,679
2020	3,075	263	500	3,838
2021	2,651	–	500	3,151
2022	2,083	–	500	2,583
Thereafter	3,818	–	5,500	9,318
Total commitments	**$ 18,214**	**$ 6,823**	**$ 8,000**	**$ 33,037**

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 December 31, 2017, the liability was nil (December 31, 2016 – nil).

26 Pension Expense

The total pension costs under the Company's defined contribution plans for the year were $1.6 million (2016 – $1.4 million).

27 Subsequent Events

On March 13, 2018, the Board declared a quarterly cash dividend of $0.20 per Class A Share, payable on or before April 15, 2018, to shareholders of record as of March 31, 2018.

Board of Directors

Joel D. Teal
Saskatoon, Saskatchewan
Director since: 2013
Chair of the Board of Directors

Karyn A. Brooks
Calgary, Alberta
Director since: 2016
Member of the Audit Committee

Thomas Christiansen
Swift Current, Saskatchewan
Director since: 2009
Member of the Compensation Committee and
a member of the Governance & Nominating Committee

Douglas A. Emsley
Regina, Saskatchewan
Director since: 2013
Chair of the Compensation Committee

Anthony R. Guglielmin
Vancouver, British Columbia
Director since: 2013
Chair of the Audit Committee

William Scott Musgrave
Lloydminster, Alberta
Director since: 2010
Member of the Audit Committee

Michelle Ouellette, Q.C.
Saskatoon, Saskatchewan
Director since: 2013
Member of the Governance & Nominating Committee

Iraj Pourian
Vancouver, British Columbia
Director since: 2016
Member of the Compensation Committee

Dion E. Tchorzewski
Regina, Saskatchewan
Director since: 2013
Chair of the Governance & Nominating Committee

ISC Leadership

Jeff Stusek
President and Chief Executive Officer

Shawn B. Peters, CPA, CA
Executive Vice-President and Chief Financial Officer

Kathy E. Hillman-Weir, Q.C.
Executive Vice-President, Chief Corporate Officer,
General Counsel and Corporate Secretary

Kenneth W. Budzak
Executive Vice-President, Registry Operations

Loren Cisyk
Executive Vice-President, Technology Solutions

Laurel Garven
Vice-President, Business Strategy

Catherine McLean
Vice-President, People and Culture

Dennis White
Vice-President, Marketing and Business Development

Chris Valentine
President, ESC Corporate Services Ltd.

More information on our directors and officers can be found in our most recent Annual Information Form or Management Information Circular, which are available on our website at www.company.isc.ca, or through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Corporate Information

Head Office

Suite 300 – 10 Research Drive
Regina, Saskatchewan S4S 7J7 Canada

Stock Exchange Listing & Symbol

Toronto Stock Exchange: ISV

Share Capital

Authorized — the Company's authorized share capital consists of an unlimited number of Class A Shares, one Class B Golden Share and an unlimited number of Preferred Shares.

Class A Limited Voting Shares

Issued and outstanding — 17,500,000 Class A Shares as at December 31, 2017.

The Company's articles and the ISC Act limit ownership of Class A Shares, including joint ownership to no more than 15.0 per cent of the Class A Shares issued and outstanding.

Class B Golden Share

Issued and outstanding — 1 Class B Golden Share ("Golden Share") as at December 31, 2017.

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.

Preferred Shares

Issued and outstanding — Nil as at December 31, 2017.

Preferred Shares are issuable at any time and may include voting rights.

Ownership

As at March 13, 2018, the Board and management are not aware of any shareholder who directly or indirectly owns or exercises, or directs control over, more than 10.0 per cent of our Class A Shares, other than:

(a) Crown Investments Corporation of Saskatchewan which holds 5,425,000 Class A Shares representing 31.0 per cent of the issued and outstanding Class A Shares; and

(b) Sentry Investments Inc. which holds 2,604,510 Class A Shares representing approximately 14.9 per cent of the issued and outstanding Class A Shares.

Auditor

Deloitte LLP
Suite 900 – 2103 11th Avenue
Regina, Saskatchewan S4P 3Z8 Canada

Transfer Agent

AST Trust Company (Canada)

For inquiries related to shares, dividends, changes of address:

Toll-free Inside North America: 1 (800) 387-0825
www.astfinancial.com
inquiries@astfinancial.com

Regulatory Filings

The Company's filings are available through the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

Investor Contact Information

Jonathan Hackshaw
Director, Investor Relations &
Corporate Communications
Toll-free in North America: 1 (855) 341-8363
Outside North America: 1 (306) 798-1137
investor.relations@isc.ca

Annual General Meeting

The annual general meeting of shareholders will be held at 9:00 a.m. (Saskatchewan time, MDT) on Wednesday May 16, 2018, at Innovation Place, 6 Research Drive, Regina, Saskatchewan.

Dividends on Class A Shares

On August 12, 2013, ISC's Board established a policy of paying an annual dividend of $0.80 per Class A Share to be payable on a quarterly basis. The payment of dividends is not guaranteed, and the amount and timing of any dividends payable by the Company will be at the discretion of the Board and will be established on the basis of our cash available for distribution, financial requirements, any restrictions imposed by our Credit Facilities, the requirements of any future financings and other factors existing at the time.

Year	Type	Ex-Dividend Date	Record Date	Payable Date	Amount
2017	Quarterly	Dec 28, 2017	Dec 31, 2017	Jan 15, 2018	$0.20
		Sep 28, 2017	Sep 30, 2017	Oct 15, 2017	$0.20
		Jun 28, 2017	Jun 30, 2017	Jul 15, 2017	$0.20
		Mar 29, 2017	Mar 31, 2017	Apr 15, 2017	$0.20
2016	Quarterly	Dec 29, 2016	Dec 31, 2016	Jan 15, 2017	$0.20
		Sep 28, 2016	Sep 30, 2016	Oct 15, 2016	$0.20
		Jun 26, 2016	Jun 30, 2016	Jul 15, 2016	$0.20
		Mar 27, 2016	Mar 31, 2016	Apr 15, 2016	$0.20
2015	Quarterly	Dec 29, 2015	Dec 31, 2015	Jan 15, 2016	$0.20
		Sep 28, 2015	Sep 30, 2015	Oct 15, 2015	$0.20
		Jun 26, 2015	Jun 30, 2015	Jul 15, 2015	$0.20
		Mar 27, 2015	Mar 31, 2015	Apr 15, 2015	$0.20
2014	Quarterly	Dec 29, 2014	Dec 31, 2014	Jan 15, 2015	$0.20
		Sep 26, 2014	Sep 30, 2014	Oct 15, 2014	$0.20
		Jun 26, 2014	Jun 30, 2014	Jul 15, 2014	$0.20
		Mar 27, 2014	Mar 31, 2014	Apr 15, 2014	$0.20
2013	Quarterly	Dec 27, 2013	Dec 31, 2013	Jan 15, 2014	$0.20
		Sep 26, 2013	Sep 30, 2013	Oct 15, 2013	$0.18*

* This dividend represents a partial dividend for the period July 9, 2013 (the closing date of the Company's Initial Public Offering on July 9, 2013) to September 30, 2013.

Dividends are eligible dividends pursuant to the *Income Tax Act* (Canada) as amended. An eligible dividend paid to a Canadian resident is entitled to the enhanced dividend tax credit. For further information on tax implications, please consult a tax advisor.

Information Services Corporation
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