NOBLE IRON INC.

CONSOLIDATED FINANCIAL STATEMENTS
Expressed in Canadian Dollars

YEARS ENDED DECEMBER 31, 2018 AND 2017

NOBLE IRON INC.

YEARS ENDED DECEMBER 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Noble Iron Inc.

Opinion

We have audited the consolidated financial statements of Noble Iron Inc., (the Company), which comprise the consolidated statements of financial position as at December 31, 2018 and December 31, 2017 and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018 and December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and December 31, 2017 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Grand Lui.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
April 30, 2019
Toronto, Ontario

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018 AND 2017

IN CANADIAN DOLLARS

	Notes	2018	2017
Assets		**$**	**$**
Current assets			
Cash and cash equivalents		7,756,049	11,226,644
Trade receivables	16 c	1,113,482	445,188
Prepayment and other assets		597,045	74,977
Total current assets		**9,466,576**	**11,746,809**
Non-current assets			
Intangible assets	6	176,800	342,134
Property and equipment	5	65,532	25,553
Other long-term assets	8	315,920	-
Deferred tax assets	8	-	502,000
Total non-current assets		**558,252**	**869,687**
Total assets		**10,024,828**	**12,616,496**
Liabilities and Equity			
Current liabilities			
Trade and other payables		787,573	1,744,180
Contract liabilities		174,008	146,316
Total current liabilities		**961,581**	**1,890,496**
Equity attributable to owners of the parent			
Share capital	9	36,471,467	36,471,467
Other reserves	9	4,280,434	4,211,395
Accumulated other comprehensive income		2,719,826	1,353,029
Accumulated deficit		(34,408,480)	(31,309,891)
Total equity		**9,063,247**	**10,726,000**
Total equity and liabilities		**10,024,828**	**12,616,496**
Commitments	12		
Contingencies	20		

See Accompanying Notes to the Consolidated Financial Statements

APPROVED ON BEHALF OF THE BOARD:

___________________________Director ___________________________Director

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

IN CANADIAN DOLLARS

Continuing operations		**2018 $**	**2017 $**
Revenue	18	6,105,991	4,670,860
Cost of revenue		763,989	807,680
Gross profit from continuing operations		**5,342,002**	**3,863,180**
Operating expenses			
General and administrative		3,497,760	3,471,429
Research and development		1,666,632	1,137,077
Sales and marketing		693,943	248,626
Support, maintenance and delivery		2,076,635	1,933,527
(Loss) from operations		**(2,592,968)**	**(2,927,479)**
Finance cost / (income)			
Interest (income) / expense		(2,855)	272,018
Foreign exchange loss / (gain)		663,165	(341,018)
Loss from continuing operations before taxation		**(3,253,278)**	**(2,858,479)**
Income tax (recovery)	8	(154,689)	(240,908)
Net (loss) from continuing operations		**(3,098,589)**	**(2,617,571)**
Gain from discontinued operations, net of taxes	4	-	22,848,536
Net (loss) / income		**(3,098,589)**	**20,230,965**
Other comprehensive income / (loss)			
Item that may be subsequently reclassified to profit or loss			
Foreign currency translation adjustment		1,366,797	(1,340,557)
Total comprehensive (loss) / income		**(1,731,792)**	**18,890,408**
Earnings / (loss) per share			
Basic and diluted from continuing operations	10	(0.11)	(0.10)
Basic and diluted from discontinued operations	10	-	0.83

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

IN CANADIAN DOLLARS

	Share Capital No.	Share Capital $	Other reserves $	Accumulated other comprehensive income $	Accumulated deficit $	Total equity $
Balance, January 1, 2017	27,417,479	36,471,467	3,983,679	2,693,586	(51,540,856)	(8,392,124)
Income for the year	-	-	-	-	20,230,965	20,230,965
Other comprehensive loss	-	-	-	(1,340,557)	-	(1,340,557)
Total comprehensive gain	-	-	-	(1,340,557)	20,230,965	18,890,408
Share-based payments (note 9c)	-		227,716	-	-	227,716
Balance, December 31, 2017	27,417,479	36,471,467	4,211,395	1,353,029	(31,309,891)	10,726,000
Loss for the year	-	-	-	-	(3,098,589)	(3,098,589)
Other comprehensive income	-	-	-	1,366,797	-	1,366,797
Total comprehensive loss	-	-	-	1,366,797	(3,098,589)	(1,731,792)
Share-based payments (note 9c)	-	-	69,039	-	-	69,039
Cancellation of shares (note 9b)	(150,000)	-	-	-	-	-
Balance, December 31, 2018	**27,267,479**	**36,471,467**	**4,280,434**	**2,719,826**	**(34,408,480)**	**9,063,247**

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
IN CANADIAN DOLLARS

	Notes	**2018** **$**	**2017** **$**
Cash flows from operating activities			
Net (loss) / income		(3,098,589)	20,230,965
Adjustments for:			
Amortization and depreciation		170,412	287,718
Share-based payments		69,039	227,716
Interest (income) / expense		-	269,891
Deferred income taxes		502,000	(242,000)
Income tax credit		(315,920)	-
Net foreign exchange (loss) / gain		(419,710)	197,047
Disposal of assets		58,352	-
Gain on divesture	4	-	(28,116,665)
Operating activities from discontinued operations	4	-	2,948,002
Change in working capital	13	(2,119,277)	(324,383)
Net cash used in operating activities		**(5,153,693)**	**(4,521,709)**
Investing activities			
Purchase of property and equipment		(67,528)	(16,094)
Purchase of intangibles		(35,881)	-
Investing activities from discontinued operations	4	-	41,471,123
Net cash (used in) / from investing activities		**(103,409)**	**41,455,029**
Financing activities			
Proceeds from current debt		-	145,035
Repayment of non-current debt		-	(62,777)
Repayment of current debt		-	(4,937,055)
Financing activities from discontinued operations	4	-	(19,847,282)
Net cash used in financing activities		**-**	**(24,702,079)**
Effects of exchange rate differences on cash and cash equivalents		1,786,507	(1,724,347)
Net (decrease) increase in cash and cash equivalents		(5,257,102)	12,231,241
Cash and cash equivalents, beginning of year		11,226,644	719,750
Cash and cash equivalents, end of year		**7,756,049**	**11,226,644**

See Accompanying Notes to the Consolidated Financial Statements

1. Corporate information

Noble Iron Inc. (the "Company") was incorporated under the Company Act (British Columbia) and was continued under the Business Corporations Act (Ontario) on November 5, 2008. The address of the Company's registered office is 90 Woodlawn Road West, Guelph, Ontario, N1H 1B2. The consolidated financial statements of the Company, as at and for the years ended, December 31, 2018 and 2017, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Noble Iron Inc. is listed on the TSX-Venture Exchange under the symbol NIR. The Company operates in enterprise asset management software for the construction and industrial equipment industry.

Until May 5, 2017, Noble Iron Inc.'s equipment rental and distribution business operated under the name "Noble Iron" and served customers in California (note 4). Noble Iron Inc.'s software division operates under the name "Texada Software". Texada Software develops software applications to manage the complete equipment ownership lifecycle: from equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking through to used equipment sales, disposal, and inventory replenishment. Texada Software offers in the cloud or client-based software and is scalable to meet the needs of any equipment rental company, dealership, construction company, contractor, and any customer who owns or uses construction or industrial equipment.

2. Basis of preparation

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective as at the reporting date. The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2019.

(b) Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis, except as otherwise disclosed.

(c) Presentation and functional currency

Amounts included in the financial statements of each entity that is a foreign operation are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is also Noble Iron Inc.'s functional currency.

2. Basis of preparation (Cont'd)

(d) Use of estimates and judgments

Use of estimates:

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. 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. Management periodically reviews its estimates and underlying assumptions relating to the following items:

i. Taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

ii. Amortization

Management estimates the expected useful life of intangible assets for use in calculating amortization expense. The estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

iii. Provision for doubtful accounts

The Company makes an assessment of whether trade receivables are collectable for each customer based on payment history and financial condition. These estimates are continuously evaluated and updated.

iv. Stand-alone selling prices

The recognition of revenue requires judgement in the assessment of performance obligations, whether they are distinct and separate, within a contract and the assessment of recognizing at a point in time or over a period of time. Material promises within a contract to deliver distinct services are accounted for as separate performance obligations. The determination of the standalone selling prices ("SSP") for distinct performance obligations can also require judgment and estimates. The Company uses a single amount to estimate SSP for bundled items such as subscription fee SaaS licenses, implementation and training in subscription arrangements that are not sold separately. The Company uses a range of amounts to estimate SSP when it sells each of the products and services separately and needs to determine whether there is a discount that needs to be allocated based on the relative SSP of the various products and services. In general, SSP for implementation and training in subscription fee contracts is supported by third party evidence and internal analysis of similar contracts. SSP for subscription licenses for same or similar services is established based on using the residual approach. Revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring services to the customer.

2. Basis of preparation (Cont'd)

(d) Use of estimates and judgments (Cont'd)

Use of judgments:

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards.

Management periodically reviews its judgments and underlying assumptions relating to the following items:

i. Intercompany transactions

Management exercises judgment to determine which amounts receivable from a foreign operation are not expected to be settled and accordingly forms part of the Company's net investment in the foreign operation. Factors considered include the nature of the source of the amounts advanced and the ability of the foreign operation to repay the advance.

ii. Recognition of deferred tax asset

Management exercises judgment in determining whether to recognize deferred tax assets and the amount of the recognition at each period end. Factors considered in this determination includes the probability of generating sufficient taxable income, the estimation of the tax rates that will be enacted when these assets will be utilized and different tax positions that can be taken to affect taxes payable in the future.

iii. Multiple elements of revenue

Management's judgment is applied to the evaluation of multiple elements arrangements in the Company's contract with customers to assess whether deliverables can be recognized separately for revenue recognition purposes. Determining whether such bundled products and services are considered a) distinct performance obligations that should be separately recognized, or b) non-distinct and therefore should be combined with another good or service and recognized as a combined unit of accounting may require significant judgment. In general, the Company's implementation and training services are capable of being distinct as they could be performed by third party service providers and do not involve significant customization of the licensed software.

3. Summary of significant accounting policies

The accounting policies set out below have been applied consistently by Group entities to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries Systematic Computer Services Corporation, Texada Software Pty Ltd., Noble Iron (U.S.), Inc. and Noble Rents (CA) Inc.

The financial statements of the Company and its subsidiaries are prepared up to the same reporting period and are combined on a line-by-line basis. All intercompany balances, transaction and related unrealized profits and losses are eliminated on consolidation as it relates to balances within the Group.

3. Summary of significant accounting policies (Cont'd)

(a) Basis of consolidation (Cont'd)

The acquisition method of accounting is used to account for the acquisition of a subsidiary by the Group. On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of acquisition is measured at fair value of the assets transferred, equity instruments issued, and liabilities incurred or assumed at the acquisition date.

Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognized as goodwill. Any excess of the fair values of the identifiable net assets acquired over the cost of acquisition is credited to the consolidated statement of comprehensive income in the period of acquisition.

(b) Foreign currency

i. Foreign currency transactions

Foreign currency transactions of the Group entities are translated into their respective functional currencies at the rates of exchange approximating to those prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are retranslated into their respective functional currencies at the rates of exchange at the end of each reporting period. Exchange gains and losses are included in the consolidated statement of comprehensive income within operating expenses.

ii. Foreign currency translation

The assets and liabilities of foreign operations are translated to Canadian dollars using exchange rates at the reporting date. Revenues and expenses of foreign operations are translated to Canadian dollars at the date of transaction.

Foreign currency differences are recognized in other comprehensive income (loss) and in the accumulated other comprehensive income in equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than the Canadian dollar, any accumulated exchange differences will be reclassified to the statement of comprehensive income (loss) within net loss.

(c) Financial assets and financial liabilities

Effective January 1, 2018, the Company adopted IFRS 9 Financial Instruments using the retrospective approach, without restatement of comparative information. The Company updated its accounting policies for the recognition, classification and impairment of financial instruments, which are as follows:

Recognition and initial measurement

Financial assets and financial liabilities, including derivatives, are recognized in the consolidated statements of financial position when the Company becomes a party to the contractual provisions of a financial instrument or non-financial derivative contract. All financial instruments are measured at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities, other than financial assets and financial liabilities classified as fair value through profit and loss (FVTPL), are added to or deducted from the fair value on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities classified as FVTPL are recognized immediately in net loss.

IN CANADIAN DOLLARS

3. Summary of significant accounting policies (Cont'd)

(c) Financial assets and financial liabilities (Cont'd)

Classification and subsequent measurement

The Company classifies financial assets, at the time of initial recognition, according to the Company's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are classified in the following measurement categories: a) amortized cost b) fair value through profit or loss FVTPL, and c) fair value through other comprehensive income (FVTOCI). Financial assets are subsequently measured at amortized cost if both the following conditions are met and they are not designated as FVTPL: a) the financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows; and b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest rate method, less any impairment, with gains and losses recognized in net income in the period that the asset is derecognized or impaired. All financial assets not classified as amortized cost as described above are measured at FVTPL or FVTOCI depending on the business model and cash flow characteristics. The Company has no financial assets measured at FVTOCI.

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method with gains and losses recognized in net income in the period that the liability is derecognized, except for financial liabilities classified as FVTPL.

The following table summarizes information regarding the classification and carrying value of the Company's financial instruments:

	December 31, 2018	**December 31, 2017**	**Classification**	
	$	**$**	**IAS 39**	**IFRS 9**
Cash and cash equivalents	7,756,049	11,226,644	Loans and receivable	Amortized cost
Trade receivables	1,113,482	445,188	Loans and receivable	Amortized cost
Trade and other payables	787,573	1,744,180	Other financial liabilities	Amortized cost

Impairment of financial instruments

For trade receivables, the Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables based on the Company's historical default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. The methodologies and assumptions, including any forecasts of future economic conditions, are reviewed regularly.

All individually significant loan receivables are assessed for impairment. All individually significant loans receivable found not to be specifically impaired are then collectively assessed for impairment. Loans receivables not individually significant are collectively assessed for impairment by grouping together loans receivable with similar risk characteristics.

3. Summary of significant accounting policies (Cont'd)

(c) Financial assets and financial liabilities (Cont'd)

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are recognized in the consolidated statements of comprehensive loss.

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. Generally, the difference between the carrying amount of the financial liability derecognized, and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the consolidated statements of comprehensive loss.

(d) Property and equipment

Property and equipment are initially recognized at cost. Cost includes expenditures that are directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Depreciation is provided on items of property, plant and equipment so as to reduce their carrying value over their expected useful economic lives.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds from the sale with the carrying amount of property and equipment and are recognized in profit and loss. Depreciation is recognized by using the straight-line method to depreciate the cost of the asset to its residual value over its estimated useful life. Depreciation ceases when the asset is derecognized or is classified as held for sale.

The estimated useful lives are as follows:

Tangible assets	Useful economic life
Furniture, fixtures and equipment	5 years
Computer equipment	3 years
Leasehold improvements	Shorter of lease term or useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(e) Leases

Lease where substantially all of the risks and rewards incidental to ownership of a lease asset have been transferred to the Group are classified as finance leases, the asset is treated as if it had been purchased outright. The amount initially recognized is the lower of its fair value and the present value of the minimum lease payments. Furthermore, the leased asset is subject to depreciation with the useful life being lesser of the lease term or the expected useful life of the asset. The corresponding lease commitment is shown as a lease liability.

3. **Summary of significant accounting policies** (Cont'd)

(e) Leases (Cont'd)

Lease where substantially all of the risks and rewards incidental to the ownership are not transferred to the Group are classified as operating leases and the leased assets are not recognized in the Group's statement of financial position with payments recognized in profit and loss on a straight-line basis over the term of the lease.

(f) Intangible assets

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is recognized using the straight-line method to amortize the cost of the asset less its residual value over the estimated useful life of the asset.

The estimated useful lives are as follows:

Intangible assets	**Useful economic life**
Trademarks	5 years
Customer lists	5 years
Software license	Over the life of contract
Software development	3 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(g) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from share capital, net of any tax effects.

(h) Impairment of property and equipment and finite life intangible assets

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of the impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Impairment losses are charged to the consolidated statement of comprehensive income in operating expenses. During the years ended December 31, 2018 and 2017, no impairment was recorded.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

3. Summary of significant accounting policies (Cont'd)

(i) Share-based payments

The Company uses the fair value method of accounting for share options. The fair value of share options is estimated using the Black-Scholes option-pricing model. The measurement of share options at fair value is based on the Black-Scholes option pricing model using the following variables:

• The share price.
• The strike price.
• The volatility of the share has been determined based on historical prices of the Company's shares.
• The duration, which has been estimated as the difference between the valuation date of the stock plans and final exercise date.
• The risk-free interest rate.

The Group recognizes compensation expense for employee share options over the requisite service period of the award. Any excess tax benefits or expense related to employee share-based payments, if any, are recognized as income tax benefit or expense in the consolidated statements of comprehensive loss when the awards vest or are settled.

When a share option is exercised, share capital is recorded at the sum of the proceeds received plus the amount previously recorded in contributed surplus relating to the options exercised.

(j) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(k) Revenue

The Company operates an enterprise asset management software for the construction and industrial equipment industry and provides related services. The Company's revenues from its software business are derived from subscription fees, license fees, maintenance, implementation and training services.

i. Subscription fees

Subscription fees from its software-as-a-service ("SaaS") application are comprised of fees that provide customers with access to software over the contract term without taking possession of the software. Revenue from subscription fees, which includes hosted software, data storage and related support is recognized ratably over the term of the contract.

Subscription fee contracts are bundled with implementation and training services. The subscription, implementation and training components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled implementation and training is recognized over the term of the implementation and training services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice. Subscription fees allow customers to use the Company's software without taking possession of the software. Revenue is recognized over the contract term.

3. Summary of significant accounting policies (Cont'd)

(k) Revenue (Cont'd)

ii. License fees

License fees relate to software licenses for on-premises software, which provide the customer with a right to use the software as it exists when the right to use the software has commenced. Revenues from distinct licenses are recognized when the software is made available to the customer.

On-premise software license contracts are bundled with maintenance, implementation and training services. The license, maintenance, implementation and training components are each allocated revenue using their relative estimated SSP. Revenue allocated to the bundled maintenance, implementation and training is recognized over the term of the maintenance, implementation and training services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice. Amounts that have been invoiced are recorded in accounts receivable and in unearned revenue or revenue, depending on whether transfer of control to customers has occurred.

iii. Rendering of services

Implementation and training services related to its SaaS and on premise software include start-up, commissioning, and installation. Where these performance obligations are separately purchase and therefore considered distinct, revenue is recognized overtime by reference to the stage of completion based upon relative SSP.

Maintenance services provided to customers with on premise software licenses is recognized over the term of the maintenance services.

The Company typically invoices its customers monthly. Typical payment terms provide that customers pay within 30 days of invoice.

iv. Contract liabilities

Generally, the Company only receives advances from Customers upon contract execution for which revenue is expected to occur within 12 months. They are presented as part of deferred revenue within contract liabilities and reduced when revenue is recognized. For contracts that require customers to pay long-term advances, the payment terms are structured primarily for reasons other than the provision of finance to the Company; notably, to meet working capital demands, to ensure the customers follow through with their purchase orders, to ensure an incentive to not terminate the contract for any reasons, including economic, or to mitigate a history of late payments. Other long-term customers advances are analyzed to determine whether there is a significant financing component in its contracts and are accounted for separately.

(l) Research and development

The Group expenses all research costs as incurred. The Company reviews development costs related to specific projects to determine if they meet certain criteria to be recorded as an intangible asset. If these criteria are not met, the Group expenses the development costs as incurred.

(m) License costs capitalized

Licenses acquired that are used as part of the software segment's operations are capitalized as intangible assets and amortized over the life of the contract.

3. Summary of significant accounting policies (Cont'd)

(n) Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

(o) Earnings (loss) per share

The Group presents basic and diluted Earnings (Loss) Per Share ("EPS") data for its common shares. Basic EPS is calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of warrants or stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(p) Geographic segment reporting

The geographic operating segment analyzes the Group's revenue and non-current assets by the Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the geographic location of customers and segments assets were based on the geographic location of the assets (refer note 18). All geographic operating segments' operating results are reviewed regularly by the Group's senior management, including the Chief Executive Officer, to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

3. Summary of significant accounting policies (Cont'd)

(q) Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or earlier, if the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation the comparative statement of comprehensive loss and cash flow information is represented as if the operation had been discontinued from the start of the comparative period. The gain (loss) from discontinued operations, net of taxes is included as a separate line on the consolidated statement of comprehensive income.

(r) New standards and interpretations not yet adopted:

On January 13, 2016, the International Accounting Standards Board issued the final version of IFRS 16, Leases. IFRS 16 will replace the existing leases Standard, IAS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Currently, operating lease expenses are charged to the statement of comprehensive income. The Company plans to apply IFRS 16 initially on January 1, 2019, using the modified retrospective approach. Therefore, right of use asset will be recognized at January 1, 2019 and the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings, if any, with no restatement of comparative information**.** The Company has completed an initial assessment of the potential impact on its consolidated financial statements and is in the process of finalizing its detailed assessment.

As of December 31, 2018, the Company had one long term non-cancellable lease with respect to its office facility that would impact its consolidated financial statements. The Company will present the right-of-use assets in 'plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. The lease runs for a total period of ten years, with an option to renew the lease after that date. As of December 31, 2018, the Company had seven years remaining on its lease and the future minimum lease payments under non-cancellable operating lease amounted to $450,000 (note 12) on an undiscounted basis.

Based on the assessment performed to date, the net impact, due to the adoption of IFRS 16 using the modified retrospective approach, on retained earnings brought forward as at January 1, 2019 would be insignificant with no restatement of comparative information.

(s) New standards and interpretations adopted:

i. Adoption of IFRS 9 – Financial Instruments ("IFRS 9")

Effective January 1, 2018, the Company adopted all the requirements of IFRS 9, issued in July 2014 and the related consequential amendments to IFRS 7 - Financial Instruments: Disclosures. IFRS 9 introduces new requirements for 1) classification and measurement of financial assets and financial liabilities, 2) impairment for financial assets and 3) general hedge accounting, which represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, such that the Company's accounting policy with respect to financial liabilities is unchanged.

3. **Summary of significant accounting policies** (Cont'd)

(s) New standards and interpretations adopted: (Cont'd)

i. Adoption of IFRS 9 – Financial Instruments ("IFRS 9") (Cont'd)

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income ("FVTOCI") and fair value through profit and loss ("FVTPL"). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables, and available for sale. IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortized cost. Under IFRS 9, credit losses are recognized earlier than under IAS 39.

Cash and cash equivalents, and trade receivables are now classified as amortized cost, because their previous category under IAS 39 was eliminated, with no change in the carrying amounts.

In accordance with the transitional provisions in IFRS 9, the Company elected to adopt the new standard effective January 1, 2018 without restating prior year amounts. The resulting changes to the Company's accounting policy is described in note 3(c).

ii. Adoption of IFRS 15 – Revenue from Contracts with Customers

Effective January 1, 2018, the Company adopted the requirements of IFRS 15, issued in May 2014, and amended in September 2015 and April 2016. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. In accordance with the transitional provisions in IFRS 15, the Company elected to adopt the new standard using the modified retrospective approach and did not restate the comparative amounts. IFRS 15 provides a single, principles-based five-step model for revenue recognition to be applied to all customer contracts, and requires enhanced disclosures.

A summary of the impact of adoption of IFRS 15 is as follows:

Contract assets and liabilities

IFRS 15 distinguishes between contract assets and receivables based on whether receipt of the consideration is conditional on something other than the passage of time. At December 31, 2017 there was no trade receivables outstanding where the Company's right to consideration was not unconditional. Further, amounts received from customers before the Company has provided the service are to be presented as contract liabilities. As a result, the amounts previously presented as deferred revenues related to contracts with customers have been reclassified as contract liabilities and amounts not relating to contracts with customers have been reclassified as deferred funding, which are nil. There is no impact on opening retained earnings (no remeasurements) on adoption of IFRS 15.

Practical expedients

The Company has elected to make use of the following practical expedients:

- Completed contracts under IAS 11 and IAS 18 before the date of transition have not been reassessed.
- Costs incurred to obtain contracts with an amortization period of less than one year have been expensed as incurred.

IN CANADIAN DOLLARS

3. Summary of significant accounting policies (Cont'd)

(s) New standards and interpretations adopted: (Cont'd)

ii. Adoption of IFRS 15 – Revenue from Contracts with Customers (Cont'd)

Practical expedients (Cont'd)

- The Company applied the practical expedient not to disclose information about remaining performance obligations that have original expected durations of one year or less.
- For completed contract with variable consideration, the Company used the transaction price at the date of contract completion rather than estimating variable consideration amounts in the comparative reporting periods.
- Consideration previously recognized was not adjusted for the effects of a significant financing component if the Company expected, at contract inception, that the period between when the Company transfers a promised good or service to the customer and when the customer pays for the good or service was one year or less.
- For contracts that were modified before the beginning of the earliest period presented, the Company did not retrospectively restate the contract for those contract modifications. The Company reflected the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when: (i) identifying the satisfied and unsatisfied performance obligations; (ii) determining the transaction price; and (iii) allocating the transaction price to the satisfied and unsatisfied performance obligations.
- The Company also applied the practical expedient not to disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Company expects to recognize that amount as revenue for the year ended December 31, 2017. For information on accounting policy please refer to note 3(l).

The extract of consolidated statements of financial position items impacted due to the adoption of IFRS 9 and IFRS 15 are as follows:

	December 31, 2017 as previously reported	Reclassification	January 1, 2018 (as restated)
	$	$	$
Total current assets	11,746,809	-	11,746,809
Total assets	12,616,496	-	12,616,496
Deferred revenue	146,316	(146,316)	-
Contract liabilities	-	146,316	146,316
Total current liabilities	1,890,496	-	1,890,496
Deficit	(31,309,891)	-	(31,309,891)
Total liabilities and equity	12,616,496	-	12,616,496

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4. Sale of rental business

In the second quarter of 2017, the Company announced it entered into an agreement with an arm's length third party to sell the assets of its wholly owned subsidiary Noble Rents, Inc. ("California sale") The proceeds of the sale were $44,838,240 in cash plus trade receivables, revenues earned but not received and net asset value adjustments, which aggregate to $1,451,225. The transaction closed on May 5, 2017.

	California sale 2017 $
Proceeds on disposal, net of transaction costs of $1,777,508	44,511,957
Net assets disposed	(16,395,292)
Gain on divesture	28,116,665

The assets and liabilities disposed of were as follows:

Trade receivables	2,197,508
Inventories	646,212
Property and equipment	13,551,572
Net assets disposed	16,395,292
Revenue	4,997,122
Cost of revenue	2,704,088
	2,293,034
Expenses	
Support, maintenance and delivery	1,690,041
Sales and marketing	103,032
General and administrative	4,690,890
Interest expense	235,566
	6,720,529
Loss for the period before sale transaction	(4,427,495)
Income tax expense	(840,634)
	(5,268,129)
Net loss for the period before sale transaction	(5,268,129)
Gain on divesture	28,116,665
Gain on discontinued operations, net of tax	22,848,536

IN CANADIAN DOLLARS

5. Property and equipment

During the year ended December 31, 2018 there were no impairment losses recorded. The carrying value of the impairment reserve at December 31, 2018 and 2017 is $nil.

	Furniture, fixtures and equipment $	Computer equipment $	Leasehold improvements $	Total $
Cost				
At January 1, 2018	751,476	262,806	117,445	1,131,727
Additions	10,785	56,743	-	67,528
Disposals	-	(66,912)	-	(66,912)
At December 31, 2018	762,261	252,637	117,445	1,132,343
Accumulated depreciation				
At January 1, 2018	737,416	251,313	117,445	1,106,174
Depreciation for the year	5,542	20,148	-	25,690
Disposals	-	(65,053)	-	(65,053)
At December 31, 2018	742,958	206,408	117,445	1,066,811
Net Book Value				
December 31, 2018	19,303	46,229	-	65,532

For the year ended December 31, 2018, depreciation of property and equipment included in the consolidated statements of comprehensive loss is as follows: i) Cost of revenue: $14,707 ii) Support, maintenance and delivery: $ 5,722 iii) General and administrative: $5,261.

	Equipment rental fleet $	Vehicles $	Furniture, fixtures and equipment $	Computer equipment $	Leasehold improvements $	Total $
Cost						
At January 1, 2017	38,698,887	1,987,564	1,238,310	335,874	198,751	42,459,386
Additions	-	-	-	13,074	-	13,074
Disposal of discontinued operations	(38,698,887)	(1,987,564)	(486,834)	(86,142)	(81,306)	(41,340,733)
At December 31, 2017	-	-	751,476	262,806	117,445	1,131,727
Accumulated depreciation						
At January 1, 2017	25,447,453	1,686,529	1,157,495	262,611	176,899	28,730,987
Depreciation for the year	-	-	7,226	41,096	-	48,322
Disposal of discontinued operations	(25,447,453)	(1,686,529)	(427,305)	(52,394)	(59,454)	(27,673,135)
At December 31, 2017	-	-	737,416	251,313	117,445	1,106,174
Net Book Value						
December 31, 2017	-	-	14,060	11,493	-	25,553

IN CANADIAN DOLLARS

5. Property and equipment (Cont'd)

For the year ended December 31, 2017, depreciation of property and equipment included in the consolidated statements of comprehensive income is as follows: i) Cost of revenue: $45,810 ii) Support, maintenance and delivery: $nil iii) General and administrative: $2,512.

6. Intangible assets

	Trademarks	Software license	Software development	Total
	$	$	$	$
Cost				
At January 1, 2018	54,531	1,197,145	267,745	1,519,421
Additions	-	35,881	-	35,881
Disposals	-	(199,386)	-	(199,386)
At December 31, 2018	54,531	1,033,640	267,745	1,355,916
Accumulated amortization				
At January 1, 2018	54,531	877,368	245,388	1,177,287
Amortization for the year	-	129,296	15,426	144,722
Disposals	-	(142,893)	-	(142,893)
At December 31, 2018	54,531	863,771	260,814	1,179,116
Net Book Value				
December 31, 2018	-	169,869	6,931	176,800

For the year ended December 31, 2018, amortization included in the consolidated statements of comprehensive loss as follows: i) Cost of revenue: $144,722 ii) Support, maintenance and delivery: $nil iii) Sales and marketing: $nil iv) General and administrative: $nil

	Trademarks	Customer lists	Software license	Software development	Total
	$	$	$	$	$
Cost					
At January 1, 2017	54,531	323,795	1,197,145	267,745	1,843,216
Disposal of discontinued operations	-	(323,795)	-	-	(323,795)
At December 31, 2017	54,531	-	1,197,145	267,745	1,519,421
Accumulated depreciation					
At January 1, 2017	54,531	282,225	712,163	194,506	1,243,425
Depreciation for the year	-	41,570	165,205	50,882	257,657
Disposal of discontinued operations	-	(323,795)	-	-	(323,795)
At December 31, 2017	54,531	-	877,368	245,388	1,177,287
Net Book Value					
December 31, 2017	-	-	319,777	22,357	342,134

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6. Intangible assets (Cont'd)

For the year ended December 31, 2017, amortization included in the consolidated statements of comprehensive loss as follows: i) Cost of revenue: $ 257,657, ii) Support, maintenance and delivery: $nil, iii) Sales and marketing: $nil, iv) General and administrative: $nil.

7. License and maintenance contracts:

The software maintenance fee component of the license contract is being expensed straight-line over the term of the arrangement to September 2019. The Company expects to renew the contract based on the historical experience and estimates this to be the useful life of the contract.

During the year ended December 31, 2016, the Company entered into a licensing agreement with an additional software development tools provider. The agreement was cancelled in March 2018 by the Company and the liability was fully settled during the year ended December 31, 2018. The license fee and hardware component of this agreement was written off during the year ended December 31, 2018.

The Company then pursued recovery of these amounts from the supplier of the software licenses and hardware. The lawsuit was settled in favor of the Company in August 2018 for the full amount paid for the licenses and hardware of $369,960 which is recorded as other income in general and administrative expenses in the consolidated statements of comprehensive loss (note 20).

8. Income taxes:

(a) Income tax expense

The income tax recovery differs from the amount that would be computed by applying the applicable federal and provincial statutory rates to the loss before income taxes. The reasons for the differences are as follows:

	2018	2017
	$	$
Loss before income taxes	(3,253,278)	(2,858,479)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	(862,119)	(757,497)
Effect of income tax of:		
Difference between Canadian rate and rate applicable to subsidiaries in other countries	(12,235)	(128,836)
Unrecognized tax benefits of losses and temporary differences	13,071	947,033
Non-deductible expense and other permanent differences	(628,519)	70,241
Recognition of previously unrecognized deductible temporary differences	1,335,113	(371,849)
Income tax (recovery) / expense	(154,689)	(240,908)

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8. **Income taxes:** (Cont'd)

(b) Deferred tax assets and liabilities

i. Unrecognized deferred tax assets

	2018	2017
	$	$
Net operating loss carry forward	6,561,503	5,376,605
Other temporary differences	374,711	-
Total unrecognized deferred tax assets	(6,936,214)	(5,376,605)

ii. Recognized deferred tax assets

	2018	2017
	$	$
Net operating loss carry forward	-	248,120
Property and equipment	-	17,242
Intangible assets	-	129,134
Other	-	107,504
Total recognized deferred tax assets	-	502,000

iii. Recognized deferred tax liabilities

	2018	2017
	$	$
Net operating loss carry forward	46,168	(182,608)
Property and equipment	(91,851)	85,925
Intangible assets	-	-
Other	45,683	96,683
Total recognized deferred tax liabilities	-	-

Rollforward of recognized deductible (taxable) temporary differences:

	Balance December 31, 2016	Movements in temporary differences	Balance December 31, 2017	Movements in temporary differences	Balance December 31, 2018
	$	$	$	$	$
Property and equipment	(13,650,000)	14,124,000	474,000	(911,000)	(437,000)
Intangible asset	355,000	177,000	532,000	(532,000)	-
Non-deductible reserves	848,000	(524,000)	324,000	(171,000)	153,000
Net operating loss carry forward	12,891,000	(12,688,000)	203,000	81,000	284,000
	444,000	(1,089,000)	1,533,000	(1,533,000)	-

IN CANADIAN DOLLARS

8. Income taxes: (Cont'd)

There are no aggregate taxable temporary differences associated with the Company's investments in its subsidiaries for which deferred tax liabilities have not been recognized.

(c) Net operating losses

At December 31, 2018, the Company has the following net operating loss amounts available to reduce future years' income for tax purposes for its Canadian, US and Australian operations.

Year	Recognized	Unrecognized	Total
	$	$	$
2020	-	1,647,000	1,647,000
2021	-	3,127,000	3,127,000
2022	-	747,000	747,000
2023	-	50,000	50,000
2024	-	-	-
2025-2038	284,000	20,694,000	20,978,000
Indefinite	-	57,000	57,000
	284,000	26,322,000	26,606,000

On December 22, 2017, the United States signed into law H.R.1 Bill, originally known as the "Tax Cuts and Jobs Act". Under the Tax Cuts and Jobs Act (TCJA), the Alternative Minimum Tax (AMT) tax regime was repealed. Existing AMT credit carryforwards are fully refundable by 2021. For 2018, 2019 and 2020, the AMT credit carryforward can be used to reduce the regular tax obligation. Therefore, an existing AMT credit carryforward would be fully utilized if the regular tax obligation exceeds the AMT credit carryforward. Any existing AMT credit that does not reduce regular taxes is eligible for a 50% refund in 2018-2020 and a 100% refund in 2021. Specifically, 50% of the AMT credit carryforward that is unused in 2018 will be refunded and then the 50% of the remaining amount that is unused in 2019 will be refunded, and so on. This results in full realization of an existing AMT credit carryforward irrespective of future taxable income.

As at December 31, 2018 the Company has AMT of $631,840 which are available to reduce future regular income taxes of which 50% ($315,920) is refundable in 2018 and the other 50% is expected to be received in 2021. Therefore, the Company recharacterized and recorded it as Other long-term assets on the consolidated statements of financial position.

9. Share capital

(a) Authorized shares

The Company has authorized 100,000,000 preferred shares without par value, issuable in one or more series as well as an unlimited number of common shares without par value. As of December 31, 2018, there are 27,267,479 (2017 – 27,417,479) fully paid for common shares issued and outstanding.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan, which was adopted by the Board of Directors effective June 10, 2014. A maximum of 1,000,000 shares, or 4.67% of the number of the Company's common shares issued and outstanding as of the date of approval of the Restricted Share Plan, are available for grant under the Restricted Share Plan. As at December 31, 2018 and December 31, 2017 the Company had no restricted shares issued. There are no preferred shares outstanding as of December 31, 2018 and December 31, 2017.

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9. Share capital (Cont'd)

(b) Issued

Issued and outstanding common shares as at December 31, 2018 were 27,267,479 (2017: 27,417,479). There were no new issue of common shares and exercise of options during the years ended December 31, 2018 and 2017. On August 22, 2018, the Company cancelled 150,000 common shares valued at $1. The balance of issued common shares following this cancellation is 27,267,479.

(c) Share-based payments

Pursuant to its stock option plan established May 15, 2002, amended June 10, 2014, the Company has reserved for issuance 3,283,095 of its common shares. Options to purchase common shares of the Company under the plan may be granted by the Board of Directors to employees, officers, directors of the Company and consultants engaged by the Company. All options have a maximum term of ten years from their grant date. All options granted through 2013 had a vesting schedule with one third vested on the issue date, one third on the first anniversary and the remaining one third on the second anniversary date of the grant.

During the year ended December 31, 2018, the Company granted 25,000 options (2017:10,000) to purchase common shares with an exercise price of 1.00 per share. The options expire at November 23, 2028.

A summary of stock options outstanding and exercisable as of December 31, 2018 and 2017 are as follows:

	2018		**2017**	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	No.	**$**	**No.**	**$**
Options outstanding, Jan 1,	2,385,100	1.09	2,415,700	1.09
Granted	25,000	1.00	10,000	1.00
Exercised	-	-	-	-
Forfeited	(427,100)	1.03	(40,600)	1.16
Options outstanding, Dec 31,	1,983,000	1.10	2,385,100	1.09
Options exercisable, Dec 31,	1,781,333	1.09	1,842,808	1.07

A summary of stock options outstanding and exercisable as of December 31, 2018 and 2017 are as follows:

December 31, 2018					
	Options outstanding			**Options exercisable**	
Exercise price or range	**Number**	**Weighted average remaining life**	**Weighted average exercise price**	**Number**	**Weighted average exercise price**
$	**No.**	**years**	**$**	**No.**	**$**
0.50 – 1.00	902,000	5.84	0.86	800,333	0.84
1.01 – 2.00	1,081,000	6.14	1.30	981,000	1.30
	1,983,000	6.06	1.10	1,781,333	1.09

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9. **Share capital** (Cont'd)

(c) Share-based payments (Cont'd)

December 31, 2017					
	Options outstanding			Options exercisable	
Exercise price or range $	Number No.	Weighted average remaining life years	Weighted average exercise price $	Number No.	Weighted average exercise price $
0.50 – 1.00	1,240,100	7.90	0.89	991,558	0.87
1.01 – 2.00	1,145,000	8.04	1.31	851,250	1.31
	2,385,100	7.96	1.09	1,842,808	1.07

The Company values the fair value of its stock options on the date of grant using the Black-Scholes option pricing model which requires the use of certain estimates and assumptions that affect the reported amount of share-based payments cost recognized in the profit or loss. These include estimates of the fair value of common shares, the expected term of stock options, expected volatility of the Company's common shares, expected dividends and the risk-free interest rate.

The share-based payments expense for the year ended December 31, 2018 was $69,039 (2017: $227,716) and is included in general and administration expenses for 2018 in the consolidated statements of comprehensive loss.

The weighted average fair value of options granted have been estimated using the Black-Scholes option pricing model using the following assumptions:

	2018	2017
Weighted average share price	$ 0.25	$ 0.18
Assumptions:		
Volatility	226.00%	402.00%
Risk-free interest rate	2.28%	1.98%
Expected term	5.51 years	10.00 years
Dividend yield	0.00%	0.00%

As of December 31, 2018, there was $23,067 of total unrecognized compensation cost related to 201,667 unvested stock options granted with weighted average grant date fair value of $0.61 per share. That cost is expected to be recognized over a weighted average vesting period of 0.89 years.

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10. Net loss per share

The computations for basic and diluted loss per share are as follows:

	2018	2017
	$	$
Net loss from continuing operations	(3,098,589)	(2,617,571)
Net income from discontinued operations	-	22,848,536
	No.	No.
Weighted average number of common shares outstanding	27,363,643	27,417,479
Net loss per share:	$	$
Basic and diluted from continuing operations	(0.11)	(0.10)
Basic and diluted from discontinued operations	-	0.83

There are 1,983,000 stock options outstanding as at December 31, 2018 (2017: 2,385,100). The stock options are excluded from the weighted average common shares in the calculation of diluted loss per share as they are not in the money.

11. Employee benefits

	2018	2017
	$	$
Salaries and other short-term employee benefits	5,265,074	3,843,973
Compulsory social security contributions	205,141	162,879
Share based payments	69,039	227,716
	5,539,254	4,234,586

12. Commitments

A Group company has access to office facility under operating lease arrangement. Rent expense is recognized on a straight-line basis over the life of the lease term. Future minimum lease rentals under operating lease subsequent to the reporting period are as follows:

	2018	2017
	$	$
Within one year	58,384	58,384
After one year but not more than five years	233,536	233,536
More than five years	155,691	214,074
	447,611	505,994

Rental expense recognized during the year ended December 31, 2018 amounts to $58,384 (2017: $58,384).

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13. Change in non-cash operating working capital

	2018	2017
	$	$
Trade and other receivables	(668,294)	(81,314)
Prepayment and other assets	(522,068)	21,459
Trade and other payables	(956,607)	(209,904)
Contract liabilities	27,692	(54,624)
	(2,119,277)	(324,383)

14. Related party transactions

Key management personnel compensation:

Key management personnel include key executive officers and the board of directors. In addition to their salaries, key executive officers participate in short-term bonus plans based upon the financial performance of the Group and other non-financial factors, set annually. The Group provides a benefit plan and vehicle allowances to executive officers. In addition, key executive officers are granted stock options at the discretion of the Group's board of directors.

As at December 31, 2018 the Company had no outstanding loan or promissory notes payable to related parties.

As at December 31, 2018, there was no loan receivable outstanding from a related party.

Key management personnel compensation comprised:

	2018	2017
	$	$
Salaries and other employee costs	573,107	575,903
Share-based payments	63,961	195,536
	637,068	771,439

Board compensation:

For the year ended December 31, 2018, total board compensation paid was $114,838 (2017 - $142,837).

Shareholdings:

Key management of the Company directly control 37.5% of the Company's outstanding voting common shares as at December 31, 2018 (2017: 37.3%).

One member of key management together with a close relative control 51.4% of the Company's outstanding voting common shares as at December 31, 2018 (2017: 51.12%). During the year ended December 31, 2018 no common shares were issued to related parties (2017 - nil).

15. Financial instruments

(a) Financial assets:

Management has determined the carrying amount of its current financial assets, including cash and cash equivalents and trade receivables, approximates fair value at the reporting date. The amortized cost related to these items as of December 31, 2018 was $8,869,531 (2017: $11,671,832).

(b) Financial liabilities:

Management has determined that the carrying amount of its current financial liabilities, including trade payables and accrued liabilities and other current liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations. The amortized cost related to these items as of December 31, 2018 was $787,573 (2017: $1,744,180).

(c) The Company did not have any financial instruments that are measured at fair value at December 31, 2018 and December 31, 2017.

16. Financial risk management

The Company is exposed to foreign exchange risk, interest rate risk, credit risk, and liquidity risk related to its underlying financial assets and liabilities. Risk management strategies are designed to ensure that Company's risks and related exposures are consistent with its business objectives and overall risk tolerance. There have been no significant changes to the Company's risk management strategies since December 31, 2017, and no assurance can be provided that these strategies will continue to be effective.

(a) Foreign exchange risk

Foreign exchange risk is the risk that the fair value, or the future value cash flow of a financial instrument, will fluctuate due to changes in foreign exchange rates. The most significant foreign exchange impact on the Company's net loss, and other comprehensive loss, is the translation of foreign currency financial instruments into Canadian dollars, which is the Company's functional and presentation currency.

The Company sells licenses and services to customers located in the United States denominated in US dollars, to customers located in Australia denominated in Australian dollars and to customers located in New Zealand denominated in New Zealand dollars.

The Canadian dollar equivalent of trade receivables billed in US dollars at December 31, 2018, is $252,903 (2017: $21,771), Australian dollars at December 31, 2018, is $33,632 (2017: $33,826) and New Zealand dollars at December 31, 2018, is $86,346 (2017: $70,826).

The Canadian dollar equivalent of trade payables and accrued liabilities, contract liabilities, current portion of license obligation held in US dollars at December 31, 2018, is $225,745 (2017: $893,291), and Australian dollars at December 31, 2018, is $202,873 (2017: $146,287).

The impact of a ten percent increase in the value of the Canadian dollar, relative to the US dollar on net US denominated assets and liabilities at December 31, 2018 is a decrease to Company equity of approximately $826,494 (2017: $1,173,638). Accordingly, a ten percent decrease in the value of the Canadian dollar relative to the US dollar would result in an increase to the Company's equity of approximately $826,494 (2017: $1,173,638).

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16. **Financial risk management** (Cont'd)

(b) Interest rate risk

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimizing the return.

The Company had no financial assets or financial liabilities that have significant interest rate risk for the year ended December 31, 2018.

(c) Credit risk

Credit risk is the financial risk of non-performance by a contracted counter party. The Company primarily sells its software to customers operating in the equipment rental and distribution industry.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Company has therefore determined that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. During the period the Company made write-offs of $28,031 trade receivables it does not expect to receive future cash flow from and recovered $5,392 from collection of previously written off trade receivables.

As of December 31, 2018, $211,062 (2017: $222,625) or 19% (2017: 50%) of trade receivables were more than 90 days past due. Trade receivables are recorded net of an allowance for doubtful accounts totaling $181,126 (2017: $434,244) as at December 31, 2018.

The following is a continuity of the Company's allowance for doubtful accounts for the past two years:

	$
Balance, January 1, 2017	179,204
Additions	434,244
Write-offs	(179,204)
Balance, December 31, 2017	434,244
Additions	28,031
Recoveries	(5,392)
Reclassification	(288,341)
Translation adjustments	12,584
Balance, December 31, 2018	181,126

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16. Financial risk management (Cont'd)

(c) Credit risk (Cont'd)

The following is an aging of the Company's trade receivables as at December 31, 2018 and 2017:

	2018	**2017**
	$	$
0 – 30 days	745,607	443,842
31 – 60 days	252,750	162,966
61 – 90 days	85,189	49,999
Over 90 days	211,062	222,625
Less: allowance for doubtful accounts	(181,126)	(434,244)
	1,113,482	445,188

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Company believes that it has access to sufficient cash to cover the expected short-term and long-term cash requirements.

	December 31, 2018				
	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years
	$	$	$	$	$
Trade payables and accrued liabilities	787,573	787,573	787,573	-	-

	December 31, 2017				
	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years
	$	$	$	$	$
Trade payables and accrued liabilities	1,744,180	1,744,180	1,744,180	-	-

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17. Capital risk management

The Company's objective is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Company defines capital as total debt and equity. As at December 31, 2018, the Company is not subject to any externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2018. During the 2017 year, the Company sold substantially all of the assets of the equipment rental and distribution business in California. The Company utilized the funds to repay the short-term debt in the business unit.

The Company's capital structure consists of the following:

	2018	2017
	$	$
Equity	9,063,247	10,726,000
Total Capital	9,063,247	10,726,000

18. Segment information

	2018	2017
Revenue by geographic segment:	$	$
Canada	4,701,666	3,730,733
Australia	1,404,325	940,127
	6,105,991	4,670,860

	2018	
	Canada	Australia
Disaggregation of revenue:	$	$
Recurring:		
Maintenance	655,436	440,084
Subscription fees (i)	2,731,445	372,669
	3,386,881	812,753
Non-recurring:		
License fees (i)	528,105	-
Implementation and Training	786,680	591,572
	1,314,785	591,572
Total revenue	4,701,666	1,404,325

The Company adopted IFRS 15 as described in Note 3(s)ii. Under this adoption, the comparative information was not restated.

(i) In instances of bundled contracts, Subscription fees and License fees exclude implementation and training services, which are listed separately above.

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18. Segment information (Cont'd)

	2018	2017
Property and equipment and intangible assets by geographic segment:	$	$
United States	-	2,178
Canada	228,553	358,429
Australia	13,779	7,080
	242,332	367,687

19. Noble Iron Inc. entities

The following table lists the significant subsidiaries of the Company.

Subsidiary	Country of incorporation	Ownership		Functional currency
		2018	2017	
Noble Iron (U.S.), Inc.	United States	100%	100%	US Dollar
Noble Rents, Inc.	United States	100%	100%	US Dollar
Noble Equipment, Inc.	United States	100%	100%	US Dollar
Systematic Computer Services Corporation	Canada	100%	100%	Canadian Dollar
Texada Software Pty Ltd.	Australia	100%	100%	Australian Dollar

20. Contingencies and commitments

The Group is subject to claims and lawsuits filed in the ordinary course of business. Although management does not believe that any such proceedings will have material adverse effect going forward, no assurances to that effect can be given based on the uncertainty of litigation and demands of third parties. As at year ended December 31, 2018 there were no significant claims or legal proceedings against subsidiaries of the Company.