NOBLE IRON INC.

INTERIM CONDENSED

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)
Expressed in Canadian Dollars

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

NOBLE IRON INC.

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Noble Iron Inc. (the "Company"), have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

AS AT JUNE 30, 2018 AND DECEMBER 31, 2017

In Canadian Dollars

ASSETS	**June 30, 2018**	**December 31, 2017**
CURRENT ASSETS		
Cash and cash equivalents	$ 9,107,568	$ 11,226,644
Accounts receivable, trade	431,411	445,188
Prepaid expenses and other assets	159,387	74,977
	9,698,366	11,746,809
NON-CURRENT ASSETS		
Property and equipment	36,409	25,553
Intangible assets	250,133	342,134
Deferred tax assets	439,000	502,000
	725,542	869,687
TOTAL ASSETS	$ 10,423,908	$ 12,616,496

LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 484,444	$ 1,744,180
Contract liabilities	146,274	146,316
TOTAL LIABILITIES	630,718	1,890,496
SHAREHOLDERS' EQUITY		
Share capital (note 3)	36,471,467	36,471,467
Contributed surplus	4,252,716	4,211,395
Accumulated other comprehensive income	1,590,148	1,353,029
	42,314,331	42,035,891
DEFICIT	(32,521,141)	(31,309,891)
	9,793,190	10,726,000
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 10,423,908	$ 12,616,496

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

In Canadian Dollars

	Three Months Ended		Six Months Ended	
	June 30 2018	June 30 2017	June 30 2018	June 30 2017
REVENUE				
Software and services	1,367,270	1,198,450	2,827,197	2,302,047
COST OF REVENUE				
Software and services	207,825	193,060	403,257	378,614
GROSS PROFIT FROM CONTINUING OPERATIONS	1,159,445	1,005,390	2,423,940	1,923,433
OPERATING EXPENSES				
General and administration	854,061	1,512,956	1,918,587	2,642,928
Research and development	431,447	276,954	745,082	528,014
Sales and marketing	73,752	39,737	191,362	90,023
Support, maintenance and delivery	547,090	462,742	1,030,044	839,834
	1,906,350	2,292,389	3,885,075	4,100,799
LOSS FROM CONTINUING OPERATIONS	(746,905)	(1,286,999)	(1,461,135)	(2,177,366)
FINANCE COSTS				
Interest expense	-	137,438	-	278,818
Foreign exchange (gain) loss	87,684	(234,856)	(314,970)	(235,963)
	87,684	(97,418)	(314,970)	42,855
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	(834,589)	(1,189,581)	(1,146,165)	(2,220,221)
INCOME TAX EXPENSE	54,053	54,132	65,085	111,132
NET LOSS FROM CONTINUING OPERATIONS	(888,642)	(1,243,713)	(1,211,250)	(2,331,353)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES (note 12)	-	26,236,545	-	25,383,055
NET INCOME (LOSS)	(888,642)	24,992,832	(1,211,250)	23,051,702
OTHER COMPREHENSIVE INCOME				
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS				
Foreign currency translation adjustment	(128,889)	(1,093,500)	(237,119)	(1,096,465)
TOTAL COMPREHENSIVE INCOME (LOSS)	(1,017,531)	23,899,332	(1,448,369)	21,955,237
EARNINGS (LOSS) PER SHARE (Note 5)**:**				
Basic and diluted from continuing operations (note 3)	(0.03)	(0.05)	(0.04)	(0.09)
Basic and diluted from discontinued operations (note 3)	-	0.96	-	0.93

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

In Canadian Dollars

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, January 1, 2017	$ 36,471,467	$ 3,983,679	$ 2,693,586	$ (51,540,856)	$ (8,392,124)
Stock-based compensation	-	107,724	-	-	107,724
Net loss	-	-	-	23,051,702	23,051,702
Reclassification of foreign currency translation amounts from accumulated other comprehensive income to net loss	-	-	-	-	-
Other comprehensive loss - foreign currency translation adjustment	-	-	(1,096,465)	-	(1,096,465)
Balance, June 30, 2017	36,471,467	4,091,403	1,597,121	(28,489,154)	13,670,837
Balance, January 1, 2018	36,471,467	4,211,395	1,353,029	(31,309,891)	10,726,000
Effect of adopting IFRS 9 and IFRS 15 (Note 2 (f))	-	-	-	-	-
Restated balance at January 1, 2018	36,471,467	4,211,395	1,353,029	(31,309,891)	10,726,000
Stock-based compensation	-	41,321	-	-	41,321
Net loss	-	-	-	(1,211,250)	(1,211,250)
Other comprehensive loss - foreign currency translation adjustment	-	-	237,119	-	237,119
Balance, June 30, 2018	$ 36,471,467	$ 4,252,716	$ 1,590,148	$ (32,521,141)	$ 9,793,190

See Accompanying Notes to Interim Condensed Consolidated Financial Statements

NOBLE IRON INC.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited)

FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

In Canadian Dollars

	June 30, 2018	June 30, 2017
OPERATING ACTIVITIES		
Net loss	$ (1,211,250)	$ (2,331,353)
Items not requiring an outlay of cash:		
Amortization and depreciation	101,308	85,581
Stock-based compensation	41,321	107,724
Interest expense	-	278,818
Impairment of loan receivable	-	(37,500)
Unrealized foreign exchange loss	(130,959)	8,305
Provision for income tax	65,077	111,000
Operating activities from discontinued operations	-	(6,396,232)
Change in non-cash operating working capital (note 5)	(1,359,193)	(181,268)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(2,493,696)	(8,354,925)
FINANCING ACTIVITIES		
Proceeds from current debt	-	1,390,835
Repayment of non-current debt	-	(51,550)
Repayment of current debt	-	(6,072,556)
Interest paid	-	(278,818)
Financing activities from discontinued operations	-	(20,212,100)
CASH FLOWS FROM FINANCING ACTIVITIES	-	(25,224,189)
INVESTING ACTIVITIES		
Purchase of property and equipment	(20,130)	(2,616)
Investing activities from discontinued operations	-	46,518,124
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES	(20,130)	46,515,508
FOREIGN EXCHANGE GAIN (LOSS) ON CASH IN FOREIGN CURRENCY	394,749	(206,780)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,513,826)	12,936,394
NET CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	11,226,644	719,750
NET CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,107,567	$ 13,449,364

See Accompanying Notes to Interim Condensed 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 Interim condensed consolidated financial statements of the Company, as at and for the three and six months ended, June 30, 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. Until November 9, 2016, the Company also operated in the Houston, Texas market. 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 unaudited condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim financial reporting". The notes presented in these interim condensed consolidated financial statements include only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosure required by International Financial Reporting Standards ("IFRS") for annual consolidated financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2017 and 2016, (the "2017 Annual Financial Statements") which are available on SEDAR and have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board ("IASB"). The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on August 29, 2018**.**

These interim condensed consolidated financial statements follow the same accounting policies and methods of application as the 2017 Annual Financial Statements , except that effective January 1, 2018, the Company implemented IFRS 9 - Financial Instruments ("IFRS 9") and IFRS 15 - Revenue from Contracts with Customers ("IFRS 15"), which are described within this note. These interim condensed consolidated financial statements are presented in Canadian dollars.

2. Basis of preparation: (continued)

(b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency:

Amounts included in the interim 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 interim condensed consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is also Noble Iron Inc.'s functional currency.

(d) Use of estimates and judgments:

Use of estimates:

The preparation of interim condensed 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 accounts receivable are collectable for each customer based on payment history and financial condition. These estimates are continuously evaluated and updated.

Use of judgments:

The preparation of interim condensed 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:

2. Basis of preparation: (continued)

(d) Use of estimates and judgments (continued):

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 enterprise asset management software segment to assess whether deliverables can be recognized separately for revenue recognition purposes.

(e) New standards and interpretations not yet adopted:

The International Accounting Standards Board ("IASB") has issued the following amendments, revisions, and new International Financial Reporting Standards ("IFRS") that are not yet effective and while considered relevant to the Group, they have not yet been adopted by the Group.

i. In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases "IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12-months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. The Group is assessing the potential impact of this standard.

(f) 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.

2. Basis of preparation: (continued)

(f) New standards and interpretations adopted (continued):

i. Adoption of IFRS 9 - Financial Instruments ("IFRS 9") (continued)

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.

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 accounts receivables, trade are now classified as amortized cost, because their previous category under IAS 39 was eliminated, with no change in the carrying amounts. There were no further changes to the classification of financial asset and liabilities as a result of the adoption of IFRS 9.

Further as a result of adoption of IFRS 9, management has not changed its accounting policy for financial assets except for the adoption of the simplified approach to determining expected credit losses for accounts receivable, trade, which had no impact on the carrying value of any financial assets or financial liabilities on the transition date.

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 Company does not have any hedge accounting relationship, and thus there is no impact on adoption of IFRS 9.

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

Effective January 1, 2018, the Company adopted all 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.

2. Basis of preparation: (continued)

(f) New standards and interpretations adopted (continued):

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

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.
- 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.

In Canadian Dollars

2. Basis of preparation: (continued)

(f) New standards and interpretations adopted (continued):

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

The extract of balance sheet 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 shareholders' equity	$ 12,616,496	-	$ 12,616,496

(g) Accounting Policy – Revenue Recognition:

Accordingly, as a result of adopting IFRS 15, the Company updated its accounting policies for the recognition of revenue relating to the sale of software and services:
The Company operates in enterprise asset management software for the construction and industrial equipment industry and provide related services. The Company's revenues from its software business are derived from subscription fees ("SaaS"), license fees maintenance, implementation and training.

i. Provision of services

Material promises within a contract to deliver distinct services are accounted for as separate performance obligations and the contract price is allocated between each performance obligation based upon their relative stand-alone selling prices. 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. For contracts with customers in which the provision of services is generally expected to be the only performance obligation, the Company recognizes revenue at the point in time when control of the service asset is transferred to the customer.

Some contracts with customers may provide trade discounts, exclusivity, license, sales-based royalties or volume rebates and discounts and give rise to variable consideration. Variable consideration is estimated at contract inception and updated prospectively for any changes to the estimates. Variable consideration is only included in the transaction price to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

ii. Long-term contracts

For our long-term contracts such as customer-specific product development contracts, control of the promised services are generally transferred to the customers over time as performance obligations are satisfied, and as a result revenue is recognized over time using input methods based on the measure of the progress towards complete satisfaction of that performance obligation.

2. Basis of preparation: (continued)

(g) Accounting Policy – Revenue Recognition (continued):

ii. Long-term contracts (continued)

Under this method, the revenue recognized equals the latest estimate of the total transaction price of the contract multiplied by the actual completion rate, determined by reference to the costs incurred for the transaction and the estimated costs to complete the transaction.

The determination of the transaction price represents the contractually agreed amount, including change orders. A change order results from an official change to the scope of work to be performed compared to the original contract that was signed. The Company estimates costs separately for each customer specific development contract including the effects of change orders.

If circumstances arise that may change the estimated transaction price, the remaining costs or extent of progress toward completion, and estimates of revenues to be recorded are revised. These revisions may result in increases or decreased in estimated revenues or remaining costs to complete and are accounted for prospectively from the period in which the circumstances that give rise to the revision become known by management. If the outcome of a transaction cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. When the outcome of a transaction cannot be estimated reliably, and it is not probable the costs incurred will be recovered, revenue is not recognized and the costs incurred are recognized as an expense. Once the uncertainty surrounding the outcome no longer exists, a cumulative catch up adjustment is recognized to record revenue related to prior performance that had not been recognized due to the inability to measure progress.

The timing of revenue recognition, billings and cash collections results in accounts receivable, trade (contract assets), and deferred revenue (contract liabilities) on the consolidated balance sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals or upon achievement of contractual milestones.

iii. Rendering of services

The Company provides start-up, commissioning, installation, scheduled or unscheduled maintenance. Where these performance obligations are not considered distinct (i.e. where the customer believes they are buying a final installed working product and are not buying the individual collection of services bundle), these services are combined into a single performance obligation. Revenue from services deemed to be a separate performance obligation are recognized by reference to the stage of completion based upon relative stand-alone selling prices.

iv. License arrangements

When a single performance obligation includes a license of intellectual property and one or more other goods or services, the Company considers the nature of the combined service for which the customer has contracted in determining whether that combined service is satisfied over time or at a point in time, and if over time, in selecting an appropriate method for measuring progress.

2. Basis of preparation: (continued)

(g) Accounting Policy – Revenue Recognition (continued):

v. Contract assets

The Company recognizes contract assets depending on the relationship between the Company's performance obligation and the contract payment terms. A trade receivable is separately recorded only when the Company has an unconditional right to the consideration. For our long-term development contracts, customers usually retain a small portion of the contract price until completion of the service, installation and commissioning, which generally result in revenues in excess of billings which we present as contract assets on the consolidated balance sheet. The associated provisions for future costs to complete this work are recorded in trade and other payables.

vi. 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 liquidated when revenue is recognized. Upfront license fees in relation to license arrangements considered to consist of a single performance obligation including a license of intellectual property and one or more other services, are deferred in contract liabilities until recognition in revenue as or when the combined performance obligation is satisfied. 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.

(h) Accounting Policy – Financial Instruments:

As a result of adopting IFRS 9, 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 interim condensed consolidated Balance Sheets 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 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

2. Basis of preparation: (continued)

(h) Accounting Policy – Financial Instruments (continued):

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.

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.

Financial instruments are classified into one of the following categories: FVTPL; financial assets at amortized cost, financial liabilities at amortized cost, and financial assets at FVTOCI. The following table summarizes information regarding the carrying value of the Company's financial instruments:

	June 30 2018	December 31 2017	Classification
Cash and cash equivalents	$ 9,107,568	$ 11,226,644	Financial assets at amortized cost
Accounts receivable, trade	431,411	445,188	Financial assets at amortized cost
Accounts payable and accrued liabilities	484,444	1,744,180	Financial liabilities at amortized cost
Contract liabilities	146,274	146,316	Financial liabilities at amortized cost

Impairment of financial instruments

For accounts receivable, trade, 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 accounts receivable, trade based on the Company's historical default rates over the expected life of the accounts receivable, trade 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.

2. Basis of preparation: (continued)

(h) Accounting Policy – Financial Instruments (continued):

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 interim condensed 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 interim condensed consolidated statements of comprehensive loss.

3. Share capital:

(a) Authorized:

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 June 30, 2018, there are 27,417,479 (December 31, 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 June 30, 2018 and December 31, 2017 the Company had no restricted shares issued. There are no preferred shares outstanding as of June 30, 2018 and December 31, 2017.

(b) Issued:

Issued and outstanding common shares were 27,417,479 as of June 30, 2018 and December 31, 2017. During the six months ended June 30, 2018, the Company issued no common shares and had no exercise of options. There are no preferred shares outstanding as of June 30, 2018 and December 31, 2017. As at June 30, 2018 and December 31, 2017, the Company had no restricted shares issued.

In Canadian Dollars

4. Net income (loss) per share:

The computations for basic and diluted income (loss) per share for the three and six months ended June 30, 2018 and 2017 are as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2018	**2017**	**2018**	**2017**
Net loss from continuing operations	$ (888,642)	$ (1,243,713)	$ (1,211,250)	$ (2,331,353)
Net income(loss) from discontinued operations	-	26,236,545	-	25,383,055
Weighted average number of common shares outstanding:				
Basic and diluted	27,417,479	27,417,479	27,417,479	27,417,479
Net loss per share:				
Basic and diluted from continuing operations	(0.03)	(0.05)	$ (0.04)	$ (0.09)
Basic and diluted from discontinued operations	-	0.96	$ -	$ 0.93

Share options to purchase 2,415,700 (June 30, 2017 – 2,715,700) common shares are excluded from the weighted average common shares in the calculation of diluted loss per share as they are anti-dilutive.

5. Change in non-cash operating working capital:

	June 30, 2018	June 30, 2017
Accounts receivable	$ 13,695	$ 2,273
Inventories	-	(139,593)
Prepaid expenses and other assets	(84,421)	-
Accounts payable and accrued liabilities	(1,288,905)	(2,079)
Deferred revenue	438	(41,869)
	$ (1,359,193)	$ (181,268)

6. Financial risk management:

The Company is exposed to foreign exchange 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.

6. Financial risk management (continued):

(b) 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 no write-offs of trade receivables, it does not expect to receive future cash flow from and no recoveries from collection of cash flows previously written off.

(c) 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 Group believes that it has access to sufficient cash to cover the expected short-term and long-term cash requirements.

In Canadian Dollars

7. Determination of fair values

(a) Financial Assets:
Management has determined that the carrying amount of its short-term financial assets, including cash and accounts receivable approximates fair value at the reporting date.

(b) Financial liabilities:
Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations.

(c) Fair value:
As of June 30, 2018, the Company did not have any financial instruments which are measured at fair value. This is consistent with 2017.

8. Segmented information:

The Company's reportable segment is Enterprise Asset Management Software, which is headquartered in Canada. The business markets and sells its software platform to customers who manage large quantities of construction and industrial heavy equipment inventory in Canada, Australia and the United States.

For the three months ended June 30, 2018 and 2017, no single customer accounted for 10% or more of the total Company's revenue or accounts receivable.

	Three months ended June 30		Six months ended June 30	
Revenue by geographic segment	**2018**	**2017**	**2018**	**2017**
Canada and United States	$ 1,029,289	$ 930,532	$ 2,021,477	$ 1,847,104
Australia and New Zealand	337,981	267,918	805,720	454,943
	$ 1,367,270	$ 1,198,450	$ 2,827,197	$ 2,302,047