Consolidated Financial Statements of

BSM TECHNOLOGIES INC.

Years ended September 30, 2017 and 2016

BSM TECHNOLOGIES INC.

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Years ended September 30, 2017 and 2016

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December 13, 2017

Independent Auditor's Report

To the Shareholders of
BSM Technologies Inc.

We have audited the accompanying consolidated financial statements of BSM Technologies Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at September 30, 2017 and September 30, 2016 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholders' equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

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

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

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

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

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of BSM Technologies Inc. and its subsidiaries as at September 30, 2017 and September 30, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

BSM TECHNOLOGIES INC.

Consolidated Statements of Financial Position

In 000s of Canadian Dollars

	Note	**As at September 30, 2017**	**As at September 30, 2016**
Assets			
Current assets:			
Cash and cash equivalents	*5*	**$ 8,708**	$ 24,900
Accounts receivable	*6*	**13,995**	12,780
Current portion of investment in finance leases	*8*	**1,464**	1,103
Inventories	*7*	**4,886**	4,501
Prepaid expenses and other assets		**1,326**	827
Total current assets		**30,379**	44,111
Property and equipment	*10*	**1,701**	1,392
Long-term investment in finance leases	*8*	**1,232**	1,848
Intangible assets	*11*	**30,421**	26,159
Deferred tax asset	*20*	**21,346**	21,037
Goodwill	*12*	**27,361**	22,163
Total assets		**$ 112,440**	$ 116,710
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable		**$ 2,948**	$ 2,925
Accrued liabilities		**3,922**	4,194
Current portion of provisions	*14*	**1,327**	954
Current portion of finance lease obligation		**173**	-
Current portion of contingent consideration	*21*	**8,320**	631
Deferred revenue		**5,431**	2,465
Share repurchase commitment	*9*	**1,357**	-
Total current liabilities		**23,478**	11,169
Long-term debt	*13*	**-**	7,721
Provisions	*14*	**-**	179
Finance lease obligation		**166**	-
Contingent consideration	*21*	**202**	3,872
Shareholders' equity:			
Common shares	*9*	**83,932**	85,861
Contributed surplus		**9,763**	7,946
Accumulated other comprehensive income		**(435)**	426
Deficit		**(4,666)**	(464)
Total shareholders' equity		**88,594**	93,769
Total liabilities and shareholders' equity		**$ 112,440**	$ 116,710

See accompanying notes to the consolidated financial statements.

'Andrew Gutman' - Director *'Aly Rahemtulla'* - Director

BSM TECHNOLOGIES INC.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

In 000s of Canadian Dollars, except share and per share amounts

		Year ended September 30	
	Note	**2017**	**2016**
Revenue	*18*	**$ 66,717**	$ 58,997
Cost of revenue	*18*	**27,378**	26,000
Gross profit		**39,339**	32,997
Other income:			
Interest income from finance leases		**214**	189
Expenses:			
General and administrative		**13,128**	10,329
Research and development		**12,745**	8,641
Sales and marketing		**15,573**	12,894
Acquisition, integration and restructuring expenses	*4, 14*	**839**	1,151
Fair value adjustment on contingent consideration	*21*	**(285)**	(1,854)
Foreign exchange loss		**567**	66
Interest expense		**1,344**	739
Interest received		**(47)**	(190)
Total expenses		**43,864**	31,776
Income (loss) before taxes		**(4,311)**	1,410
Current tax expense	*20*	**133**	62
Deferred tax recovery	*20*	**(242)**	(6,261)
Net income (loss) for the year		**(4,202)**	7,609
Other comprehensive loss:			
Foreign exchange loss on foreign operations, net of tax		**861**	113
Total comprehensive income (loss) for the year		**$ (5,063)**	$ 7,496
Earnings (losses) per share (in $’s)	*9*		
Basic		**$ (0.052)**	$ 0.091
Diluted		**$ (0.052)**	$ 0.090
Weighted average number of shares	*9*		
Basic		**81,258,077**	83,999,324
Diluted		**81,258,077**	84,434,369

See accompanying notes to the consolidated financial statements.

BSM TECHNOLOGIES INC.

Consolidated Statements of Changes in Shareholders' Equity

In 000s of Canadian Dollars

	Note	Common shares	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total shareholders' equity
Balance September 30, 2016		**$ 85,861**	**$ 7,946**	**$ 426**	**$ (464)**	**$ 93,769**
Share repurchase commitment	*9*	**(1,357)**	**-**	**-**	**-**	**(1,357)**
Common shares repurchased and cancelled	*9*	**(676)**	**-**	**-**	**-**	**(676)**
Share-based compensation expense	*9*	**-**	**1,911**	**-**	**-**	**1,911**
Options, RSUs or DSUs exercised	*9*	**104**	**(94)**	**-**	**-**	**10**
Net loss for the year		**-**	**-**	**-**	**(4,202)**	**(4,202)**
Foreign exchange loss on foreign operations, net of tax		**-**	**-**	**(861)**	**-**	**(861)**
Balance September 30, 2017		**$ 83,932**	**$ 9,763**	**$ (435)**	**$ (4,666)**	**$ 88,594**
Balance September 30, 2015		$ 92,249	$ 7,769	$ 539	$ (8,073)	$ 92,484
Common shares repurchased and cancelled	*9*	(7,371)	-	-	-	(7,371)
Share-based compensation expense	*9*	-	708	-	-	708
Options, RSUs or DSUs exercised	*9*	983	(531)	-	-	452
Net income for the year		-	-	-	7,609	7,609
Foreign exchange loss on foreign operations, net of tax		-	-	(113)	-	(113)
Balance September 30, 2016		$ 85,861	$ 7,946	$ 426	$ (464)	$ 93,769

See accompanying notes to the consolidated financial statements.

BSM TECHNOLOGIES INC.

Consolidated Statements of Cash Flows

In 000s of Canadian Dollars

		Year ended September 30	
Cash provided by (used in):	***Note***	**2017**	**2016**
Operating activities:			
Net income (loss) for the year		**$ (4,202)**	$ 7,609
Items not involving cash:			
Depreciation of property and equipment	*10*	**994**	711
Amortization of intangible assets	*11*	**7,312**	5,612
Amortization of financing costs		**48**	136
Non-cash foreign exchange loss included in net income (loss)		**500**	146
Deferred tax recovery	*20*	**(242)**	(6,103)
Accreted interest on contingent consideration	*21*	**977**	325
Interest accrued on revolving credit facility	*13*	**173**	-
Fair value adjustment on contingent consideration	*21*	**(285)**	(1,854)
Share-based compensation expense	*9*	**1,911**	708
Change in non-cash operating working capital	*17*	**(1,540)**	(2,829)
Net cash provided by operating activities		**5,646**	4,461
Financing activities:			
Change in restricted cash		**-**	8,800
Repayment of long-term debt	*13*	**(8,039)**	(3,646)
Financing costs on revolving debt facility		**-**	(198)
Capital lease payments		**(300)**	-
Options exercised	*9*	**10**	452
Payment of contingent consideration	*21*	**(3,271)**	(126)
Common shares repurchased and cancelled	*9*	**(676)**	(7,371)
Net cash used in financing activities		**(12,276)**	(2,089)
Investing activities:			
Acquisition of subsidiaries net of cash acquired	*4*	**(7,875)**	-
Investment in intangible assets	*11*	**(720)**	(912)
Purchase of property and equipment	*10*	**(788)**	(453)
Net cash used in investing activities		**(9,383)**	(1,365)
Impact of foreign exchange revaluation on foreign denominated cash and cash equivalents		**(179)**	(87)
Increase (decrease) in cash and cash equivalents during the year		**(16,192)**	920
Cash and cash equivalents, beginning of year		**24,900**	23,980
Cash and cash equivalents, end of year		**$ 8,708**	$ 24,900
Cash paid for interest expense		**$ 283**	$ 254
Cash paid for income taxes		**$ 14**	$ 73

See accompanying notes to the consolidated financial statements.

1. General information

BSM Technologies Inc. and its subsidiaries (together “BSM” or the “Company”) is a provider of real-time GPS fleet and asset management solutions. The address of its registered office is 75 International Blvd., Suite 100, Toronto, Ontario, Canada M9W 6L9. The Company is incorporated and domiciled in Canada. The Company is a public company whose shares trade under the symbol "GPS" on the Toronto Stock Exchange (“TSX”).

These consolidated financial statements were authorized for issue by the Company's Board of Directors on December 13, 2017.

2. Basis of presentation

These annual consolidated financial statements for the years ended September 30, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of annual consolidated financial statements.

These annual consolidated financial statements are presented in thousands of Canadian dollars.

3. Summary of significant accounting policies

The Company's significant accounting policies are as follows:

a) Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention.

b) Basis of consolidation
These consolidated financial statements consolidate the accounts of the Company and its wholly owned subsidiaries. Subsidiaries are those entities the Company controls by having the power to, directly or indirectly, govern their financial and operating policies. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are de-consolidated from the date control ceases. Intercompany transactions, balances, income and expenses, and profits and losses are eliminated. The Company’s primary operating subsidiaries are as follows:

- BSM Technologies Ltd.
- JMM Management Group, LLC
- Lat-Lon L.L.C.
- BSM Analytics Inc. d/b/a Mobi
- Interfleet Inc.

c) Business combinations
Acquisitions have been accounted for using the acquisition method required by IFRS 3, Business Combinations. Goodwill arising on acquisition is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured

as of the acquisition date. Transaction costs the Company incurs in connection with a business combination are expensed as incurred. The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit or loss.

d) Property and equipment

Property and equipment are stated at cost, less accumulated depreciation, and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation is calculated on either a diminishing balance or straight-line method to write off the cost of the assets to their residual values over their estimated useful lives. The depreciation rates or useful lives applicable to each category of property and equipment are as follows:

Computer equipment	30% per annum
Leased computer equipment	30% per annum
Furniture and office equipment	20% per annum
Automobiles	30% per annum
GPS locators	3-5 years
Leasehold improvements	Straight-line over the lease term

The residual values, method of depreciation and useful lives of the assets are reviewed at least annually and adjusted if appropriate.

Gains and losses on disposals of property and equipment are determined by comparing the proceeds with the carrying value of the asset and are included as part of other gains and losses in the consolidated statements of income (loss) and comprehensive income (loss).

e) Intangible assets

The Company's intangible assets are stated at cost, less accumulated amortization and accumulated impairment. These assets are capitalized and amortized on a straight-line basis in the consolidated statements of income (loss) and comprehensive income (loss) over the period of their expected useful lives as follows:

Customer contracts and relationships	1 - 10 years
Trade secrets	8 years
Acquired technology	3 - 8 years
Computer software	2 years

Licences	2 - 5 years
Internally generated intangible assets	2 - 5 years

The Company incurs costs associated with the design and development of new products. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized as internally generated intangible assets if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available-for-use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development. If these criteria are not met, such expenditures are expensed as incurred.

f) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested annually for impairment by comparing its carrying value against the recoverable amount (the higher of value in use or fair value less costs to sell). Goodwill acquired through a business combination is allocated to each cash generating unit ("CGU") that is expected to benefit from the synergies of the related business combination. The Company currently has one CGU for the purposes of goodwill impairment testing at the operating segment level given this is the level at which goodwill is monitored.

g) Impairment of non-financial assets

Property, equipment and intangible assets (other than goodwill) are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. When an indication of impairment is identified, the carrying value of the asset or group of assets is measured against the recoverable amount.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals when events or circumstances warrant such consideration.

h) Foreign currency translation

Each entity within the consolidated group accounts for transactions and balances at its functional currency which is the primary economic environment in which the respective entity operates. The functional currency of the Company and each of its subsidiaries is either the Canadian dollar, the United States dollar, or the British pound.

Foreign currency transactions are translated into the functional currency using the exchange rates in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statement of income (loss).

The consolidated entity's presentation currency is Canadian dollars. The results and financial position of entities whose functional currency is different from the presentation currency are translated into the presentation currency using the closing rate on the date of the consolidated statements of financial position for assets and liabilities, and at the average exchange rate for income and expenses. All resulting exchange differences are recognized in other comprehensive income (loss).

i) Cash and cash equivalents
Cash and cash equivalents include highly liquid short-term investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of change in value and generally have original maturities of three months or less.

j) Revenue recognition
The Company derives revenue from: the sale of vehicle and fixed asset tracking hardware products; professional services associated with the installation, deployment and customization of its products; and via subscription revenue which is derived through providing data and software solutions via its software platform.

The Company has identified each of the hardware, professional service and subscription services products as individual revenue elements. Where such multiple-element arrangements exist in a revenue transaction, the Company determines the separately identifiable components of the arrangement and allocates revenue among the components on a relative fair value basis. The revenue related to each component is then recognized in accordance with the policies described below.

Revenue from sale of vehicle and stationary asset tracking hardware is recognized when the Company has transferred the significant risks and rewards of ownership to the customer, revenue can be measured reliably, it is probable that economic benefits will flow to the Company and the costs incurred or to be incurred in respect of the transaction can be measured reliably. These criteria are generally met at the time the hardware is shipped to the customer.

Under the Company's return policy, product returns are accepted for repairs and replacements only and the Company does not provide refunds to customers for returns.

The Company offers installation services for its hardware products and other one-time professional services related to the deployment of its solutions, such as project management fees or installation. Revenue from professional services is recognized when the outcome of the transaction can be estimated reliably, it is probable that the economic benefits of the transaction will flow to the Company, the stage of completion of the transaction can be measured at the end of the reporting period and the costs incurred and the costs to complete the transaction can be measured reliably. Generally, the Company recognizes revenue from installation and one-time professional services when work performed by the Company is complete.

The Company also offers a suite of software and data solutions under a software as a service ("SaaS") model that results in on-going revenue. SaaS revenue is recognized on a straight-line basis over the term of the arrangement as the service is delivered.

Certain customer contracts provide for upfront payments. These payments are deferred until revenue can be recognized.

The Company sells its product via arrangements whereby a customer can purchase hardware together with installation and subscription services for a single packaged monthly fee ("Bundled Product"). The Company's revenue from hardware included in Bundled Products results in finance leases; under these arrangements the Company transfers substantially all the risks and rewards incident to legal ownership of the hardware property to the customer. Under these arrangements, the customer pays a fixed amount with a set frequency over the term of the contract.

The Company recognizes interest income from finance leases in accordance with International Accounting Standard ("IAS") 17, Leases. The present value of the minimum lease payments are recognized as a receivable on the consolidated statements of financial position. The difference between the gross receivable and the present value of the receivable is recognized as finance income over the term of the lease.

k) Cost of revenue

Cost of revenue includes the costs of purchasing and assembling finished goods inventory and the direct costs of providing one-time and SaaS solutions. These costs include: inventory and manufacturing related costs; labour associated with providing professional services; labour associated with on-going customer support services, database infrastructure costs associated with providing SaaS solutions; and, on-going data costs to facilitate the connectivity of hardware devices to the Company's software portals.

l) Inventories

Raw materials and finished goods inventories are stated at the lower of cost and net realizable value. Cost is determined on a weighted average cost basis. Net realizable value is the expected selling price in the ordinary course of business, less any costs to complete and applicable selling expenses. If carrying value exceeds the net realizable amount, a write-down is recognized. Write-downs may be reversed in a subsequent period if the circumstances that caused them cease to exist.

m) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred to the Company. Financial liabilities are derecognized when cash flows have transferred to the counterparty or the obligation to transfer such cash flows has expired. Financial assets and financial liabilities are offset and the net amount reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the financial asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired, as follows:

i. Financial assets and financial liabilities at fair value through profit or loss

A financial asset or financial liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Financial instruments in this category are recognized initially and

subsequently at fair value. Transaction costs are expensed in the consolidated statements of income (loss) and comprehensive income (loss). Gains and losses arising from changes in fair value are presented in the consolidated statements of income (loss) and comprehensive income (loss) within other gains and losses in the period in which they arise. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realized or paid beyond 12 months of the date of the consolidated statements of financial position, which is classified as non-current. The Company does not carry financial assets or financial liabilities at fair value through profit or loss other than contingent consideration classified as a liability.

ii. Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's receivables comprise trade receivables, cash and cash equivalents and net investment in finance leases. These financial assets are initially recognized at fair value. Subsequently, they are measured at amortized cost using the effective interest method less any impairment.

iii. Financial liabilities at amortized cost
Financial liabilities at amortized cost include accounts payable, accrued liabilities and long-term debt. These financial liabilities are initially recognized at fair value. Subsequently, accounts payable and accrued liabilities are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

n) Impairment of financial assets
At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss on the financial asset, which is carried at amortized cost. The loss is determined as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the financial asset's original effective interest rate. The carrying value of the asset is reduced by this amount indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

o) Income taxes
Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statements of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity, in which case the income tax is also recognized directly in other comprehensive income or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period. Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the

time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except, in the case of subsidiaries, where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred income tax assets and liabilities are presented as non-current.

Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the date of the consolidated statements of financial position and are expected to apply when the deferred tax asset is realized or the liability is settled.

p) Investment tax credits

The Company is entitled to certain Canadian investment tax credits for qualifying research and development activities performed in Canada. The investment tax credits are accounted for as a reduction of the related expenditures for items expensed in the consolidated statements of income (loss) and comprehensive income (loss) or a reduction of the related asset's cost for items capitalized in the consolidated statements of financial position provided that a reasonable assurance over collection of the tax credits exists and the Company will comply with any conditions attached.

q) Provisions and product warranties

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reasonably estimated. Provisions are measured based on management’s best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material.

The Company provides warranties on certain products; hence, it provides for the estimated cost of product warranties. In establishing the warranty provision, the Company estimates the likelihood that products sold will experience warranty claims and the estimated cost to resolve claims received, considering the past and projected experience with the products.

r) Guarantees

In the normal course of business, the Company enters into agreements that may contain features that meet the definition of a guarantee under IFRS. As part of transactions involving sale of product and services, the Company may be required to pay counterparties for costs and losses incurred as a result of breaches of representations, changes in laws and regulations (including tax legislation) or litigation against the counterparties.

The Company indemnifies its directors, officers and employees against claims reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers, as well as those of its subsidiaries. The Company is unable to make a reasonable estimate of the maximum potential amount it would be required to pay counterparties. The amount also depends on the outcome of future events and conditions, which cannot be predicted. No amount has been accrued in the

consolidated statements of financial position relating to these types of indemnifications or guarantees as at September 30, 2017 or 2016. Historically, the Company has not made any significant payments under these indemnifications or guarantees.

s) Stock-based compensation

The Company grants equity awards comprised of stock options, restricted share units and deferred share units to certain employees and directors of the Company. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. The fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest. This number of options expected to vest is reviewed at least annually, with any change in estimate recognized immediately in compensation expense with a corresponding adjustment to contributed surplus.

t) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from shareholders' equity at the time that proceeds are raised. Costs associated with the repurchase of shares under a normal course issuer bid are recognized as a reduction in the book value of common shares at the time shares are repurchased.

u) Earnings per share

Basic earnings per share is calculated by dividing the net income (loss) for the year attributable to the Company's shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares of dilutive instruments is computed using the treasury stock method. The Company's potentially dilutive common shares include stock options, deferred share units, restricted share units and common shares in escrow.

v) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources and assessing the performance of the operating segments and has been identified as the CEO and CFO of the Company.

w) Significant accounting judgments and estimation uncertainties

The preparation of consolidated financial statements in compliance with IFRS requires management to apply estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses as well as certain disclosures within the consolidated financial statements. It also requires management to exercise judgment in applying the Company's accounting policies. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

a) Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

i. Revenue recognition

The Company derives revenue from the sale of its products and by providing services. In recognizing revenue, the Company makes judgments about the probability of collection of such revenue. Further judgments are applied in determining whether certain deliverables constitute a separate unit of accounting and in determining the amount of revenue to allocate between the individual elements of multiple element arrangements.

ii. Determination of functional currency

The Company uses judgment in determining the functional currency for each entity within the consolidated group. The functional currency is determined based on an evaluation of the currency of each respective entity's primary economic environment. This requires an evaluation of the currency that primarily influences selling prices and the currency that mainly influences expenses and cash outflows, among other factors. The Company has taken these factors into account when determining the functional currency for each entity in the consolidated group.

iii. Carrying value of deferred tax assets

The Company uses judgment in determining the recoverability of its deferred tax assets, which includes an evaluation of the nature and amount of tax assets recognized in the consolidated financial statements and the extent of taxable income that is expected to be generated in future periods against which deferred tax assets will be deductible. The Company regularly assesses its historical earnings, forecasted future earnings and expiry of tax assets in applying its judgments on the recognition and value of deferred tax assets. The Company's judgments regarding future profitability may change due to future market conditions, changes in tax legislation and other factors that could affect the ongoing value of deferred income tax assets. These changes, if any, may result in material adjustment to the carrying value of deferred income tax asset balances in future periods.

b) Estimates and assumptions

In preparing the consolidated financial statements, the Company is required to make estimates and assumptions to determine the carrying amount of assets and liabilities. The significant areas requiring estimates and assumptions in determining the reported amounts in the consolidated financial statements are as follows:

i. Goodwill

The Company performs its impairment test for goodwill annually. The goodwill impairment test requires a calculation to determine the recoverable amount of goodwill. Management determines the recoverable amount by determining the fair value less costs of disposal for its sole CGU containing goodwill of the CGU's value in use. Determining fair value requires the use of estimates and assumptions about factors that impact the valuation of the CGU. Such estimates and assumptions include the forecasted financial performance of the Company and market factors.

ii. Valuation of contingent consideration

The Company recognizes the fair value of contingent consideration relating to the acquisitions on the date the transaction closes. Contingent consideration is classified as either a liability carried at amortized cost or equity within contributed surplus. Contingent consideration classified as a liability is carried at fair value with changes in fair value flowing through the consolidated statements of income (loss) and comprehensive income (loss). Contingent consideration classified as equity is not remeasured subsequent to initial recognition.

Contingent consideration classified as a liability is measured at fair value based on management's best estimate of the probability of the attainment of specified revenue and earnings targets at the date of acquisition and is subsequently revalued at each financial reporting period. Management's estimate of the probability of the attainment of specified revenue and earnings targets takes into account an evaluation of the revenue and earnings forecasts for the respective acquired businesses and the risks thereon. Changes in management's estimate of the probability of achieving the specified target could have a material impact on the valuation of the contingent consideration classified as a liability. The current portion of contingent consideration is based on the Company's estimate of the value that will be payable within twelve months.

iii. Valuation of assets and liabilities in connection with a business combination

In accordance with IFRS 3, Business Combinations*,* accounting for an acquisition requires management to allocate the purchase price paid for an acquisition to the fair value of identified assets and liabilities acquired, with any residual recorded as goodwill. The identification of assets and liabilities requires both judgments and estimates regarding the identification of balances acquired and the fair value thereon. The values of assets and liabilities are recorded at fair value based on management's best estimate. Key estimates and assumptions include: the forecasted financial performance of the acquired company; projected customer attrition of the acquired customer base; and the expected use of assets and liabilities acquired among other considerations. Changes in certain estimates and assumptions could have a material impact on the valuation of assets and liabilities recognized on a business combination.

iv. Warranty provision

The Company provides warranty coverage for hardware products typically for one year. Management considers historical experience data in determining the value of this provision as well as considering recent trends that might suggest past information may not be indicative of future claims. Factors that could impact the estimated claim information include the failure rates on new products, which do not have experience data to draw on, as well as the cost of replacement parts and labour costs.

4. Acquisition of Mobi Corp.

On October 4, 2016, pursuant to an asset purchase agreement (“the Agreement”) the Company acquired substantially all of the assets and assumed specified liabilities of Mobi Corp. (“Mobi”). Following the closing of the acquisition, the Company continues to operate the acquired business under the Mobi name. The Mobi product offering enables its customers to manage operational activities such as planning, scheduling, routing and dispatching and uses available GPS data to provide additional analytics.

Pursuant to the agreement, the Mobi business was acquired with payment of initial cash consideration before working capital adjustments of US$8 million. Additional cash consideration of up to US$17 million is eligible to be paid during a two-year period which commenced immediately following the closing of the acquisition. The deferred cash consideration is contingent upon the Mobi products achieving specified recurring revenue and adjusted EBITDA milestones calculated in accordance with US GAAP. For purposes of calculating adjusted EBITDA pursuant to the Agreement, adjusted EBITDA is defined as earnings before interest, taxes, depreciation and amortization and further adjusted by any non-cash expenses such as share-based compensation. The deferred contingent consideration is payable in cash and has been recorded as a liability on the consolidated statements of financial position at fair value based on management's best estimate of the probability of the Mobi business achieving the specified performance targets. The estimate of fair value takes into consideration the variability of when the performance targets will be met during the two-year window and a discount rate which is reflective of the risk inherent in the business attaining the performance targets. In the year ended September 30, 2017, the Company made US$2 million in payments towards the deferred consideration for the achievement of specified earn-out performance targets.

As at September 30, 2017, $5,924 has been recorded as the value of contingent consideration related to the Mobi acquisition. This value is aligned to the amount ultimately paid to settle the contingent consideration subsequent to September 30, 2017. Refer to note 23 for further information regarding this settlement.

The following table summarizes the fair value of consideration paid on the acquisition date and the allocation of the purchase price to the assets and liabilities acquired. This reflects the final purchase price allocation which was adjusted from provisional amounts recorded in the Company’s unaudited interim consolidated financial statements during the fiscal 2017 year.

Cash paid on closing	$ 7,875
Fair value of deferred contingent consideration on closing	7,053
Total consideration	**$ 14,928**
Allocated to identifiable assets acquired and liabilities assumed:	
Accounts receivable	$ 755
Investment in finance lease receivables	559
Inventories	230
Prepaid expenses	121
Property and equipment	572
Accounts payable	(171)
Accrued liabilities	(374)
Capital lease obligations	(520)
Deferred revenue	(3,609)
Total allocated to identifiable assets acquired and liabilities assumed	**$ (2,437)**
Allocated to intangible assets and goodwill:	
Customer contracts and relationships	$ 7,214
Acquired technology	4,329
Goodwill	5,822
Total allocated to intangible assets and goodwill	**$ 17,365**

The goodwill recognized on the acquisition represents the incremental cost not specifically attributable to the identifiable assets and liabilities acquired. The goodwill is underpinned by an assembled work force that was retained as well as by the synergies the Company aims to achieve through leveraging its consolidated product offering. All of the goodwill acquired is expected to be deductible for tax purposes.

During the year ended September 30, 2017, the Company incurred $335 in acquisition related costs associated with the acquisition of Mobi which have been separately classified on the consolidated statement of income (loss) and comprehensive income (loss). In the year ended September 30, 2016, the Company had incurred $224 in acquisition related costs for professional fees incurred related to the acquisition as of that date. In aggregate, a total of $559 in acquisition related costs were incurred related to the acquisition of Mobi.

During the year ended September 30, 2017, the acquisition of Mobi resulted in revenue of $8,041 and a net loss of $3,207. Included in the net loss is $1,538 in amortization and depreciation expense related to intangible and fixed assets, $744 in accretion expense associated with the contingent consideration payable, a $1,007 loss resulting from a fair value adjustment on contingent consideration and $359 in share-based compensation expenses.

5. Cash and cash equivalents

	September 30, 2017	**September 30, 2016**
Cash	**$ 5,713**	$ 19,038
Short-term investments	**2,995**	5,862
Total	**$ 8,708**	$ 24,900

6. Accounts receivable

	September 30, 2017	**September 30, 2016**
Accounts receivable	**$ 14,623**	$ 13,607
Allowance for doubtful accounts	**(628)**	(827)
Total	**$ 13,995**	$ 12,780

For the year ended September 30, 2017, general and administrative expenses include bad debts of $267 (2016 - $322). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional payment. The Company reviews its trade accounts receivable regularly and reduces amounts to their expected realizable values by making an allowance for doubtful receivables as soon as the accounts are determined not to be fully collectible.

7. Inventories

	September 30, 2017	**September 30, 2016**
Finished goods	**$ 1,936**	$ 2,459
Raw materials	**3,671**	2,801
Provision for obsolescence	**(721)**	(759)
Total	**$ 4,886**	$ 4,501

During the year ended September 30, 2017, the Company recorded product cost of revenue of $11,506 (2016 - $11,339) related to the sale of inventories. There were no specific impairments to inventory during the year ended September 30, 2017 and September 30, 2016.

8. Net investment in finance leases

The Company provides finance leases for the sale of hardware to certain customers where payments are received periodically over a fixed contract term. Net investment in finance leases is comprised as follows:

		September 30, 2017	
	Total future payments	**Unearned finance income**	**Present value**
Less than one year	**$ 1,672**	**$ 208**	**$ 1,464**
Between one and five years	**1,394**	**162**	**1,232**
Total	**$ 3,066**	**$ 370**	**$ 2,696**

		September 30, 2016	
	Total future payments	Unearned finance income	Present value
Less than one year	$ 1,305	$ 202	$ 1,103
Between one and five years	2,101	253	1,848
Total	$ 3,406	$ 455	$ 2,951

9. Share capital

a) Common shares:

Authorized: Unlimited common shares (no par value)

	September 30, 2017		**September 30, 2016**	
	Number	**Amount**	**Number**	**Amount**
Issued and outstanding:				
Balance, beginning of year, excluding shares to be issued subject to future performance	**81,319,954**	**$ 85,861**	87,886,946	$ 92,249
Shares issued for options exercised	**44,083**	**43**	774,473	763
Shares issued for RSUs vested	**30,000**	**61**	67,500	103
Shares issued for DSUs exchanged	**-**	**-**	114,535	117
Shares repurchased and cancelled (i)	**(449,127)**	**(676)**	(7,523,500)	(7,371)
Shares repurchase commitment (i)	**-**	**(1,357)**	-	-
Shares released from escrow	**-**	**-**	-	-
Balance, excluding shares to be issued subject to future performance	**80,944,910**	**$ 83,932**	81,319,954	$ 85,861
Shares issued in escrow:				
Subject to Company's performance (ii)	**54,795**	**-**	54,795	-
Subject to earn-out clause - JMM (iii)	**699,575**	**-**	699,575	-
Subject to earn-out clause - Praxis (iv)	**500,000**	**-**	500,000	-
Balance of issued shares, end of year	**82,199,280**	**$ 83,932**	82,574,324	$ 85,861

(i) On December 19, 2016, the Company obtained approval for its intention to commence a normal course issuer bid (the "Bid"). Under the terms of the Bid, the Company may acquire up to 7,027,655 common shares from time to time in accordance with TSX procedures, representing approximately 10% of the total public float of common shares. The Bid commenced on December 23, 2016 and will conclude on December 22, 2017, or earlier if the number of common shares sought in the Bid has been purchased. Other than purchases made in compliance with the provisions of the block purchase exemption of the TSX, daily purchases under the Bid will be limited to a maximum of 19,327 common shares which represents 25% of the average daily trading volume on the TSX for the period from June 1, 2016 to November 30, 2016.

From time to time, the Company may make purchases under the Bid via an automatic securities repurchase plan (a "Plan"), through which the timing for the purchase of common shares, the number of common shares purchased and the price payable for the common shares will be determined by the Company's broker, at its sole discretion. Such purchases are subject to a prescribed maximum price payable, without consultation with the Company, having regard to the price limitations and other terms of the Plan and the rules of the TSX. As at September 30, 2017, the Company had a Plan in place with its broker. Given the automatic nature of the Plan, the Company has recognized a share repurchase liability of $1,357 in the consolidated statements of financial position. The share repurchase liability has been recorded at the maximum purchase exposure under the Plan during the period of October 1, 2017 through December 15, 2017 which is the period the Company anticipates being prohibited from cancelling or making amendments to the Plan due to TSX “blackout” restrictions.

During the year ended September 30, 2017, the Company repurchased and cancelled 449,127 common shares in accordance with the Bid (2016 – 7,523,500 repurchased and cancelled under a prior normal course issuer bid with a maximum of purchase amount of 8,559,564 common shares).

(ii) During the year ended September 30, 1998, the Company entered into an agreement with the former President of the Company and certain other parties whereby 150,990 common shares were issued in escrow and would only be released if the Company attained certain cash flow levels. During the years ended September 30, 2001, 2002 and 2003, the Company cancelled 96,208 of these shares pursuant to settlements reached with these parties. The remaining 54,795 common shares owned by other parties remain in escrow subject to these performance targets. During the year ended September 30, 2017, the required cash flow level was attained. The company is currently working with its share registrar to release the escrowed shares to the beneficiaries.

(iii) Consideration paid for the acquisition of JMM Management Group LLC (“JMM”) included contingent share consideration subject to specified revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA") targets. As at September 30, 2017, 699,575 common shares remain held in escrow and will be released or cancelled based on the attainment of the specified revenue and EBITDA targets.

(iv) Consideration paid for the acquisition of Praxis Transportation Solutions Inc. (“Praxis”) included contingent share consideration subject to specified revenue targets. As at September 30, 2017, 500,000 shares remain held in escrow and will be released or cancelled based on the attainment of the specified revenue targets.

b) Preferred shares:

The Company authorized an unlimited number of first preferred shares and second preferred shares, all without par value. The terms allow the Company’s directors to issue shares in one or more series and to set the number

and the conditions for each series. There were no first preferred shares or second preferred shares issued and outstanding as at September 30, 2017.

The first preferred shares of all series rank on a parity with each other and in priority to all other shares of the Company with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding up of BSM.

c) Stock options:

A summary of the Company's stock options for the years ended September 30, 2017 and 2016 is presented below:

	September 30, 2017		September 30, 2016	
	Number of options	**Weighted average exercise price**	**Number of options**	**Weighted average exercise price**
Balance, beginning of year	**1,766,824**	**$ 1.41**	3,211,665	$ 1.18
Issued	**1,250,000**	**1.27**	-	-
Exercised	**(63,314)**	**0.61**	(784,759)	0.61
Cancelled	**(221,044)**	**1.51**	(377,090)	1.38
Forfeited	**-**	**-**	(142,313)	1.05
Expired	**(24,271)**	**1.22**	(140,679)	1.18
Balance, end of year	**2,708,195**	**$ 1.36**	1,766,824	$ 1.41

The following table summarizes information about stock options outstanding as at September 30, 2017:

Exercise price	Number Outstanding	Weighted average remaining contractual life (years)
$0.00 - $0.50	333,002	2.16
$0.51 - $1.00	274,693	1.97
$1.01 - $1.50	1,770,500	2.95
$1.51 - $2.00	-	-
$2.01 - $2.50	65,000	1.68
$2.51 - $3.00	-	-
$3.00 - $3.50	265,000	1.27
Balance, end of year	2,708,195	2.56

As at September 30, 2017, 1,813,701 stock options were exercisable (2016 – 1,577,325).

During the year ended September 30, 2017, the Company granted 1,250,000 stock options to former Mobi employees in connection with the acquisition of Mobi (2016 – nil). Each stock option represents an option to purchase one common share. The terms and conditions of the stock options granted are consistent with the Company's stock option plan where such options vest over a three-year period following the date of grant.

The aggregate fair value of share options granted during the year ended September 30, 2017 was $663 (2016 – $nil). The Company recognized share-based compensation expense on the vesting of stock options of $381 for the year ended September 30, 2017 (2016 – $88).

The fair value of stock options granted is estimated on the date of the grant using the Black-Scholes option pricing model. The options issued in the year ending September 30, 2017 were valued using the following assumptions:

Assumption	2017 range	2016 range
Risk-free rate	0.66%	
Expected volatility	53.90%	Not applicable, none
Expected life in years	4 years	granted
Expected dividend yield	-	

d) Restricted share units ("RSUs") and Deferred share units ("DSUs")

During the year ended September 30, 2017, the Company granted 1,427,947 RSUs to employees pursuant to the Company's Restricted Share Unit Plan (2016 – 987,000). Each RSU represents the right for the holder to be issued one common share pursuant to vesting conditions over three years.

A summary of the fair value of RSUs granted for the years ended September 30, 2017 and 2016 is presented below:

Fair value of RSUs	2017	2016
$0.86	**-**	287,000
$1.13	**-**	700,000
$1.28	**450,000**	-
$1.44	**641,280**	-
$1.50	**130,000**	-
$1.52	**206,667**	-
Total number of RSUs granted	**1,427,947**	987,000

The fair value of RSUs granted is determined based on the closing price of the Company's common shares on the respective grant dates. Share-based compensation expense of $1,132 was recognized in the year related to the vesting of RSUs (2016 - $444).

The following is a continuity of the Company's RSUs for the year ended September 30, 2017:

	2017	2016
Balance, beginning of year	**1,599,906**	697,906
Issued	**1,427,947**	987,000
Settled in common shares	**(30,000)**	(67,500)
Cancelled	**(92,500)**	-
Forfeited	**(244,700)**	(17,500)
Balance, end of year	**2,660,653**	1,599,906

During the year ended September 30, 2017, the Company granted 272,240 DSUs to directors of the Company pursuant to the Company's Deferred Share Unit Plan (2016 – 204,535). Each DSU represents the right for the holder to be issued one common share and vest on grant; however, they are not exchangeable for common shares until the holder ceases to be a director of the Company.

A summary of the fair value of DSUs granted for the years ended September 30, 2017 and 2016 is presented below:

Fair value of DSUs	2017	2016
$0.86	-	204,535
$1.43	155,041	-
$1.50	39,666	-
$1.52	39,146	-
$1.55	38,387	-
Total number of DSUs granted	272,240	204,535

Share-based compensation expense of $398 was recognized in the year ended September 30, 2017 related to the vesting of DSUs (2016 - $176).

The following is a continuity of the Company's DSUs for the year ended September 30, 2017:

	2017	2016
Balance, beginning of year	137,500	47,500
Issued	272,240	204,535
Settled in common shares	-	(114,535)
Forfeited	-	-
Balance, end of year	409,740	137,500

e) Earnings per share:

The effects of any shares issued in escrow that are subject to performance conditions are not included in the calculation of the weighted average number of common shares outstanding on a diluted basis as they are not expected to have a dilutive impact on earnings per share. Shares released from escrow on meeting contingent requirements are included in the calculation of basic weighted average number of shares outstanding. The calculation of the diluted weighted average number of common shares outstanding does not include stock options that are not expected to be exercised given their negative intrinsic value and includes vested DSUs, which are exchangeable for common shares.

	Year ended September 30	
	2017	2016
Weighted average number of shares – basic	81,258,077	83,999,324
Dilutive effect of stock options and DSUs	-	435,045
Weighted average number of shares – diluted	81,258,077	84,434,369

10. Property and equipment

	GPS locators	Computer equipment	Leased computer equipment	Furniture and office equipment	Leasehold improvements	Automobiles	Total
Cost - Sept. 30, 2016	$ -	$ 2,659	$ 342	$ 918	$ 337	$ 42	$ 4,298
Acquisition from Mobi Corp.	-	457	-	62	44	9	572
Additions	339	316	-	115	18	-	788
Fully depreciated assets	-	(308)	-	(159)	(5)	(24)	(496)
Retirements	-	-	-	(30)	-	-	(30)
FX loss	-	(33)	-	(8)	(3)	-	(44)
Cost - Sept. 30, 2017	**339**	**3,091**	**342**	**898**	**391**	**27**	**5,088**
Accumulated depreciation - Sept. 30, 2016	-	(1,844)	(328)	(534)	(168)	(32)	(2,906)
Depreciation charge for the year	(45)	(680)	(4)	(157)	(102)	(6)	(994)
Fully depreciated assets	-	308	-	159	5	24	496
FX gain	-	14	-	2	1	-	17
Accumulated depreciation - Sept. 30, 2017	**(45)**	**(2,202)**	**(332)**	**(530)**	**(264)**	**(14)**	**(3,387)**
Net book value - Sept. 30, 2016	-	815	14	384	169	10	1,392
Net change in the year	294	74	(4)	(16)	(42)	3	309
Net book value - Sept. 30, 2017	**$ 294**	**$ 889**	**$ 10**	**$ 368**	**$ 127**	**$ 13**	**$ 1,701**
Cost - Sept. 30, 2015	$ -	$ 2,395	$ 342	$ 766	$ 332	$ 47	$ 3,882
Additions	-	269	-	179	5	-	453
Fully depreciated assets	-	(4)	-	(25)	-	(4)	(33)
FX loss	-	(1)	-	(2)	-	(1)	(4)
Cost - Sept. 30, 2016	**-**	**2,659**	**342**	**918**	**337**	**42**	**4,298**
Accumulated depreciation - Sept. 30, 2015	-	(1,371)	(321)	(461)	(47)	(28)	(2,228)
Depreciation charge for the year	-	(478)	(7)	(98)	(121)	(7)	(711)
Fully depreciated assets	-	4	-	25	-	3	32
FX gain	-	1	-	-	-	-	1
Accumulated depreciation - Sept. 30, 2016	**-**	**(1,844)**	**(328)**	**(534)**	**(168)**	**(32)**	**(2,906)**
Net book value - Sept. 30, 2015	-	1,024	21	305	285	19	1,654
Net change in the year	-	(209)	(7)	79	(116)	(9)	(262)
Net book value - Sept. 30, 2016	**$ -**	**$ 815**	**$ 14**	**$ 384**	**$ 169**	**$ 10**	**$ 1,392**

11. Intangible assets

	Customer contracts and relationships	Trade secrets	Acquired technology	Computer software	Licenses	Internally generated intangible assets	Total
Cost - Sept. 30, 2016	$ 27,722	$ 5,020	$ 1,952	$ 20	$ 543	$ 1,587	$ 36,844
Acquisition from Mobi Corp.	7,214	-	4,329	-	-	-	11,543
Additions	-	-	-	249	-	471	720
Fully depreciated items	(723)	-	-	-	(115)	-	(838)
FX loss	(649)	(247)	(32)	-	-	(45)	(973)
Cost - Sept. 30, 2017	**33,564**	**4,773**	**6,249**	**269**	**428**	**2,013**	**47,296**
Accumulated amortization - Sept. 30, 2016	(8,057)	(1,465)	(690)	(20)	(234)	(219)	(10,685)
Amortization charge for the year	(5,336)	(627)	(1,174)	(28)	(58)	(89)	(7,312)
Fully amortized items	723	-	-	-	115	-	838
FX gain	168	104	12	-	-	-	284
Accumulated amortization - Sept. 30, 2017	(12,502)	(1,988)	(1,852)	(48)	(177)	(308)	(16,875)
Net book value - Sept. 30, 2016	19,665	3,555	1,262	-	309	1,368	26,159
Net change in the year	1,397	(770)	3,135	221	(58)	337	4,262
Net book value - Sept. 30, 2017	**$ 21,062**	**$ 2,785**	**$ 4,397**	**$ 221**	**$ 251**	**$ 1,705**	**$ 30,421**
Cost - Sept. 30, 2015	$ 27,863	$ 5,126	$ 1,965	$ 6	$ 543	$ 700	$ 36,203
Additions	-	-	-	20	-	892	912
Fully depreciated items	-	-	-	(6)	-	-	(6)
FX loss	(141)	(106)	(13)	-	-	(5)	(265)
Cost - Sept. 30, 2016	**27,722**	**5,020**	**1,952**	**20**	**543**	**1,587**	**36,844**
Accumulated amortization - Sept. 30, 2015	(3,743)	(855)	(240)	(4)	(153)	(152)	(5,147)
Amortization charge for the year	(4,355)	(634)	(453)	(22)	(81)	(67)	(5,612)
Fully amortized items	-	-	-	6	-	-	6
FX gain	41	24	3	-	-	-	68
Accumulated amortization - Sept. 30, 2016	(8,057)	(1,465)	(690)	(20)	(234)	(219)	(10,685)
Net book value - Sept. 30, 2015	24,120	4,271	1,725	2	390	548	31,056
Net change in the year	(4,455)	(716)	(463)	(2)	(81)	820	(4,897)
Net book value - Sept. 30, 2016	**$ 19,665**	**$ 3,555**	**$ 1,262**	**$ -**	**$ 309**	**$ 1,368**	**$ 26,159**

12. Goodwill

The Company performs its impairment test annually for its sole CGU containing goodwill. The Company has not identified any goodwill impairments for the year ending September 30, 2017 or 2016. The Company's assessment could be impacted by a change in market factors or a change in management's estimate of forecasted financial performance. Reasonably possible changes in key estimates and assumptions would not cause the recoverable amount of goodwill to fall below the carrying amount.

The following is a summary of the Company's goodwill for the year ended September 30, 2017:

Balance - September 30, 2016	**$ 22,163**
Recognized on the acquisition of Mobi	5,822
Foreign exchange revaluation	(624)
Balance - September 30, 2017	**$ 27,361**

13. Long-term debt

On August 24, 2016, the Company replaced its prior term credit facility with a $20 million revolving credit facility (“Revolver”). During the year ended September 30, 2017, the Company incurred interest expense of $173 which was accrued to the outstanding balance on the Revolver (2016 – $254 interest costs paid associated with the prior term credit facilities). The Company may draw on the Revolver in either US dollars or Canadian dollars and as at September 30, 2017, the Company had $nil drawn against the Revolver (2016 – US$6,034).

The Revolver is secured by a first ranking security interest over all personal property of the Company. The Revolver also contains certain financial covenants including maximum debt leverage, minimum profitability ratios, and other non-financial covenants with which the Company is required to comply. The Company is in compliance with these covenants as at September 30, 2017. Expected covenant compliance is based on forward looking financial information. Changes in such information or actual performance may necessitate an amendment to the financial covenants or result in a requirement to repay a portion or all of the Company's indebtedness.

14. Provisions

The following table provides a roll-forward of items which comprise both the current and long-term portion of provisions on the consolidated statements of financial position.

	Warranty	Restructuring	Legal	Total
At September 30, 2016	**$ 720**	**$ 413**	**$ -**	**$ 1,133**
Provisions created during the year	88	457	-	545
Provisions utilized during the year	(132)	(219)	-	(351)
At September 30, 2017	**$ 676**	**$ 651**	**$ -**	**$ 1,327**

	Warranty	Restructuring	Legal	Total
At September 30, 2015	**$ 723**	**$ 680**	**$ 140**	**$ 1,543**
Provisions created during the year	271	105	-	376
Provisions reversed during the year	-	-	(15)	(15)
Provisions utilized during the year	(274)	(372)	(125)	(771)
At September 30, 2016	**$ 720**	**$ 413**	**$ -**	**$ 1,133**

(a) Warranty provision

Assumptions used to calculate the provision for warranties are based on current sales levels and current information available about product returns. The Company typically provides a warranty for its products for up to one year. The carrying amount of the warranty accrual is expected to be used over the next twelve months. Warranty expense is

recorded as a component of cost of revenues. If the Company's assumption with respect to the return rate increased (decreased) by 10%, the warranty accrual would change by $68 (2016 - $72).

(b) Legal provision
Legal claims represent various claims brought against the Company in the normal course of its operations. The Company provides for legal claims that are considered material; and, those based on management's best estimate are likely to give rise to a liability and the amount of which can be reliably estimated.

(c) Restructuring provision
The provision for restructuring represents management's best estimates of the remaining costs associated with certain restructuring initiatives. The restructuring provision as at September 30, 2017 represents termination and severance costs related to terminated employees at the end of September 2017 as well as the present value of lease payments for premises no longer occupied. The provision for restructuring is expected to be used over the next twelve months and is presented as a current liability on the consolidated statements of financial position.

15. Financial instruments, related risks and capital disclosures

Under IFRS, financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity, available-for-sale, loans and receivables, and other financial liabilities. The following table summarizes information regarding the carrying values of the Company's financial instruments:

	September 30, 2017	September 30, 2016
Other financial liabilities (i)	$ 15,392	$ 19,343
Loans and receivables (ii)	$ 25,399	$ 40,631

i. Comprised of accounts payable, accrued liabilities, long-term debt and contingent consideration classified as a liability.
ii. Comprised of accounts receivable, net investment in finance leases, and cash and cash equivalents.

Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value
The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair values due to the short-term maturity of these financial instruments. The difference in fair value and carrying value of net investment in finance leases and long-term debt is considered to be insignificant given the limited movement in the market rates of interest since the initial recognition of these instruments.

Fair value hierarchy
Under IFRS, fair values determined by Level 1 inputs use quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs use inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (i.e., prices) or indirectly (i.e., derived from prices). Fair values using Level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs). The Company's sole financial instrument measured at fair value in the consolidated statements of financial position as at September 30, 2017 and September 30, 2016 is the contingent consideration classified as a liability. The fair value of

this instrument is determined using Level 3 inputs. The Company has no financial assets or liabilities measured using Level 1 or Level 2 inputs. Refer to note 21 for further disclosure.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US dollars. Foreign exchange risk arises on assets, liabilities, trade receivables and trade payables which are denominated in a currency other than the entity's functional currency. The Company's objective in managing its foreign currency risk is to minimize its net exposures to foreign currency cash flows. The Company has revenues generated and expenses incurred in currencies other than its functional currency; therefore, it manages foreign currency risk with a natural hedge to the extent practical. In the year ended September 30, 2017, the Company recognized a foreign currency exchange loss in the consolidated statements of income (loss) and comprehensive income (loss) of $567 (2016 – loss of $66).

In addition to the foreign exchange risk on assets and liabilities held in a currency other than the entity's functional currency, the Company is exposed to foreign exchange risk arising on its net investment in foreign operations. In the year ended September 30, 2017, within other comprehensive income (loss), the Company recognized a foreign currency exchange loss, net of deferred taxes, of $861 (2016 – loss of $113).

If a 10% shift in the Canadian dollar to the US dollar foreign currency exchange rate was to occur (and all other variables held constant), the foreign currency exchange gain or loss on the revaluation of assets and liabilities denominated in US dollars held in subsidiaries with a Canadian dollar base currency would be plus or minus $118 and this would be recorded within income or loss in the consolidated statements of income (loss) and comprehensive income (loss) (2016 – plus or minus $269).

Interest rate risk

The Company has interest rate risk on its short-term investments and its credit facility. Under its credit facility, the Company may borrow either at stated rates or LIBOR plus an applicable margin. As at September 30, 2017, the Company had $nil drawn on its Revolver and therefore was not exposed to fluctuations in the LIBOR on its debt. As at September 30, 2017, a 100 basis point increase or decrease in the variable interest rates on the balance of short-term investments would have resulted in a change in interest earned of approximately $30 on an annualized basis (2016 – $59).

Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The carrying value of cash and cash equivalents, net investment in finance leases and accounts receivable represent the Company's balances with exposure to credit risk. Trade accounts receivable and net investment in finance leases have an exposure to economic downturns. Most of the Company's customers are not independently rated; therefore, the quality of the customer is considered by taking into account its financial position, past experience and other factors. The utilization of credit limits is regularly monitored to minimize this risk.

The Company reviews its trade accounts receivable regularly and reduces amounts to their expected realizable values by making an allowance for doubtful receivables, as soon as the accounts are determined not to be fully collectible.

As at September 30, 2017, trade accounts receivable of $3,492 (2016 – $3,326) were past due but not impaired. These amounts relate to customers for whom there is no recent history of default. The aging of these receivables is as follows:

	September 30, 2017	September 30, 2016
Less than 30 days past due	**$ 1,371**	$ 1,334
Greater than 30 days past due	**2,121**	1,992
Total	**$ 3,492**	$ 3,326

The allowance for doubtful accounts is charged against income and included in general and administrative expenses. Shortfalls in collections are applied against this provision. The activity of the allowance for doubtful accounts for the year is as follows:

	September 30, 2017	September 30, 2016
Allowance for doubtful accounts - Beginning of year	**$ 827**	$ 764
Bad debt expense	**267**	322
Write-off of bad debts	**(467)**	(259)
Allowance for doubtful accounts - End of year	**$ 627**	$ 827

In addition to accounts receivable, the Company also has credit risk relating to cash and short-term investments. This risk is managed by maintaining cash and short-term investments at Schedule 1 financial institutions with a minimum credit rating of Aa1.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company's objective for liquidity risk management is to maintain sufficient liquid financial resources to fund obligations on the consolidated statements of financial position and to meet commitments and obligations in the most cost-effective manner possible. The Company achieves this by maintaining sufficient cash and cash equivalents and managing working capital. The Company monitors its financial resources and updates its expected use of cash resources based on the latest available data. Surplus cash held over and above balances required for working capital management are invested in interest bearing short-term deposits.

Management's estimate of the Company's contractual maturities for its financial liabilities are as shown in the following table and are disclosed in the currency they are expected to be settled in. This includes amounts payable for contingent consideration, of which the amount is recorded at fair value and the timing of payment is variable. For further disclosure on the nature of contractual obligations, refer to note 21.

Contractual obligations	Finance lease obligation	Share repurchase commitment	CAD denominated contingent consideration on acquisitions	USD denominated contingent consideration on acquisitions
Fiscal Year 2018	**$ 173**	**$ 1,357**	**$ -**	**$ 8,320**
Fiscal Year 2019	**166**	**-**	**12**	**190**
Fiscal Year 2020 and later years	**-**	**-**	**-**	**-**
Total	**$ 339**	**$ 1,357**	**$ 12**	**$ 8,510**

Management forecasts that the Company's existing cash and cash equivalents, cash generated from operations and the undrawn portion of the Revolver will be adequate to meet its financial liabilities and contractual commitments.

Management of capital

The Company's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy, fund research and development and undertake selective acquisitions while at the same time taking a conservative approach toward financial leverage and management of financial risk. The Company's capital is composed of share capital, contributed surplus, long-term debt and contingent consideration classified as a liability. Total capital as at September 30, 2017 is $102,217 (2016 – $106,032).

16. Commitments and contingencies

In addition to financial liabilities recorded on the statements of financial position, the Company has contractual commitments for: purchases commitments to suppliers; operating lease payments for the premises it occupies; and, letters of credit issued to customers as performance guarantees. The total minimum annual payments for these commitments is as follows:

Year	Commitment
2018	**$ 2,982**
2019	**1,563**
2020	**1,389**
2021 and later years	**2,107**
Total	**$ 8,041**

17. Changes in non-cash operating working capital

	Year ended September 30	
	2017	**2016**
Accounts receivable	**$ (822)**	$ (2,779)
Net investment in finance leases (including long-term portion)	**737**	380
Inventories	**(243)**	1,990
Prepaid expenses and other assets	**(391)**	369
Accounts payable	**(20)**	(124)
Accrued liabilities	**(595)**	(2,668)
Provisions (including long-term portion)	**199**	(402)
Deferred revenue	**(405)**	405
Total	**$ (1,540)**	$ (2,829)

18. Segmented information

The Company has identified one operating segment for its operations. The Company's evaluation of segmentation is based on internal reporting and its organizational structure, taking into account the different risk and income structures of the key products of the Company.

(a) Revenue, cost of revenue and gross profit (loss) by category is as follows:

	Year ended September 30, 2017			
	Hardware revenue	Recurring revenue	Services revenue	Total
Revenue	**$ 17,700**	**$ 45,660**	**$ 3,357**	**$ 66,717**
Cost of revenue	**11,506**	**12,019**	**3,853**	**27,378**
Gross profit (loss)	**$ 6,194**	**$ 33,641**	**$ (496)**	**$ 39,339**

	Year ended September 30, 2016			
	Hardware revenue	Recurring revenue	Services revenue	Total
Revenue	$ 16,268	$ 38,264	$ 4,465	$ 58,997
Cost of revenue	11,339	10,734	3,927	26,000
Gross profit	$ 4,929	$ 27,530	$ 538	$ 32,997

(b) Revenue by geography, based on customer location, is as follows:

	Year ended September 30	
	2017	**2016**
Canada	**$ 25,327**	$ 24,855
United States	**40,306**	32,857
International	**1,084**	1,285
Total	**$ 66,717**	$ 58,997

(c) Non-current assets by geographic location is as follows:

	Year ended September 30	
	2017	2016
Canada	**$ 53,966**	$ 55,131
United States	**28,095**	17,468
Total	**$ 82,061**	$ 72,599

19. Expenses by nature

	Year ended September 30	
	2017	**2016**
Cost of revenue	**$ 27,378**	$ 26,000
Salaries, wages and benefits	**22,715**	18,243
Share-based compensation expense	**1,568**	710
Amortization and depreciation	**7,740**	5,894
Professional fees	**1,728**	1,209
Travel, entertainment and related expenses	**1,653**	1,331
Advertising and promotions	**834**	771
Operating lease payments	**1,889**	1,234
Office, general and insurance expenses	**1,474**	824
Restructuring expense	**504**	803
Fair value adjustments	**(285)**	(1,854)
Foreign exchange loss	**567**	66
Acquisition related cost	**335**	348
Other expenses	**1,846**	1,648
Interest expense	**1,296**	549
Total expenses	**$ 43,864**	$ 31,776

20. Current and deferred income taxes

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017	2016
Deferred tax assets:		
Deferred tax asset to be recovered after more than 12 months	**$ 24,259**	$ 23,015
Deferred tax asset to be recovered within 12 months	**1,869**	2,443
Total deferred tax assets	**26,128**	25,458
Deferred tax liabilities:		
Deferred tax liability to be utilized after more than 12 months	**(2,815)**	(2,837)
Deferred tax liability to be utilized within 12 months	**(1,967)**	(1,584)
Total deferred tax liabilities	**(4,782)**	(4,421)
Deferred tax asset (net)	**$ 21,346**	$ 21,037

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same jurisdiction, is as follows:

For the year ending September 30, 2017:

Deferred tax assets	Fixed assets	Financing costs and other	Tax losses and R&D costs	R&D credit	Net investment in foreign operations	Total
Opening balance at October 1, 2016	$ 602	$ 998	$ 19,715	$ 4,143	$ (62)	$ 25,396
Credited (charged) to deferred tax expense	2,177	(113)	(1,136)	(290)	-	638
Charged to accumulated other comprehensive income	-	-	-	-	121	121
Foreign exchange loss	(1)	-	(26)	-	-	(27)
Ending balance at September 30, 2017	**$ 2,778**	**$ 885**	**$ 18,553**	**$ 3,853**	**$ 59**	**$ 26,128**

Deferred tax liabilities	Intangible assets	Tax on R&D credits	Total
Opening balance at October 1, 2016	$ (3,261)	$ (1,098)	$ (4,359)
Credited (charged) to deferred tax expense	(470)	74	(396)
Foreign exchange loss	(27)	-	(27)
Ending balance at September 30, 2017	**$ (3,758)**	**$ (1,024)**	**$ (4,782)**

For the year ending September 30, 2016:

Deferred tax assets	Fixed assets	Financing costs and other	Tax losses and R&D costs	R&D credit	Total
Opening balance at October 1, 2015	$ 506	$ 1,174	$ 14,445	$ 4,535	$ 20,660
Credited (charged) to deferred tax expense	96	(176)	5,160	(107)	4,973
Credited to R&D expense	-	-	110	(285)	(175)
Ending balance at September 30, 2016	**$ 602**	**$ 998**	**$ 19,715**	**$ 4,143**	**$ 25,458**

Deferred tax liabilities	Net investment in foreign operations	Intangible assets	Tax on R&D credits	Total
Opening balance at October 1, 2015	$ (68)	$ (4,520)	$ (1,145)	$ (5,733)
Credited to deferred tax expense	-	1,259	29	1,288
Charged to accumulated other comprehensive income	6	-	-	6
Charged to R&D expense	-	-	18	18
Ending balance at September 30, 2016	**$ (62)**	**$ (3,261)**	**$ (1,098)**	**$ (4,421)**

Management has assumed that losses of $5,348 pertaining to certain foreign subsidiaries within the consolidation group are not recoverable. At the present time, management has no intention to resume operations in these subsidiaries, therefore, it is not probable that future taxable profits will be available to use these losses. No deferred tax asset is recognized for these losses.

The expiry of recognized tax losses is as follows:

2025	**$ 140**
2026	**6,371**
2027	**8,587**
2028	**7,284**
2029	**15,921**
2030	**5,449**
2031	**7,296**
2032	**677**
2033	**453**
2034	**1,387**
2035	**1,499**
2036	**146**
2037	**2,548**
Total	**$ 57,758**

The following table summarizes current and deferred income taxes:

	2017	2016
Current tax expense	**$ 133**	$ 62
Deferred tax expense		
Previously unrecognized temporary differences	-	(6,032)
Change in recognized deductible temporary difference	**358**	-
Impact of deferred tax rates	**(62)**	(383)
Period expense (recovery)	**(538)**	154
Total deferred tax expense	**(242)**	(6,261)
Total	**$ (109)**	$ (6,199)

The following table presents a reconciliation of tax expense from the statutory rate to the effective rate:

	2017		2016	
Income (loss) before income taxes	**$ (4,311)**		**$ 1,410**	
Income tax expense (recovery) at the combined statutory rate	(1,148)	26.63%	374	26.53%
Increase (decrease) resulting from				
Non-deductible expenses	937	(21.73%)	424	30.07%
Fair value adjustment on contingent consideration	(79)	1.84%	(594)	(42.13%)
Recognition of previously unrecognized temporary differences	-	-	(6,032)	(427.80%)
Impact of change in future tax rates	(62)	1.43%	(383)	(27.16%)
Change in recognized deductible temporary differences	358	(8.30%)	-	-
US rate differentials	(172)	3.98%	(31)	(2.20%)
Other	57	(1.32%)	43	3.05%
Income tax recovery	**$ (109)**	**2.53%**	**$ (6,199)**	**(439.64%)**

21. Contingent consideration

The Company has recognized contingent consideration classified as a liability within the consolidated statements of financial position. The liability is recorded as the fair value of future deferred consideration associated with companies acquired in prior periods. Fair value is determined based on management's estimate of the present value of the amounts expected to be paid subject to the contingent performance targets for each respective acquisition.

Re-measurement of the fair value of contingent consideration is performed by the Company at each financial reporting period. Key unobservable inputs comprise management's best estimate of the probability that acquired businesses will achieve specified financial targets in specified time frames following the respective acquisitions. The Company's determination of the estimated probability of the acquired business achieving the specified financial targets includes the review of a number of factors including: the acquired business' performance and the implied growth rate relative to the earn-out targets; the current sales pipeline; the Company's current operating plan for the acquired business; and the time remaining for the sellers of the acquired business to earn the contingent payment. The estimated fair value of contingent consideration payable increases as the estimated probability associated with the financial targets increase and vice versa for decreases in fair value.

During the year ended September 30, 2017, the Company recognized a fair value adjustment gain of $285 as a result of a revision in management's estimate of the amount and timing of future payments based on current information regarding the operating performance of certain acquired companies (2016 – gain of $1,854).

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

Balance at September 30, 2016	**$ 4,503**
Recognized on the acquisition of Mobi	7,053
Cash payments	(3,271)
Accreted interest	977
Fair value adjustments	(285)
Foreign exchange impact	(455)
Balance at September 30, 2017	**$ 8,522**

Balance at September 30, 2015	**$ 6,264**
Cash payments	(126)
Accreted interest	325
Fair value adjustments	(1,854)
Foreign exchange impact	(106)
Balance at September 30, 2016	**$ 4,503**

22. Related party transactions

The Company has entered into lease arrangements for office premises owned by certain executives of previously acquired subsidiary companies. The leases were negotiated at the time of acquisition and represented fair value rents for the leased premises. Such lease payments amounted to $189 for the year ended September 30, 2017 (2016 – $189).

Related party transactions also include compensation earned by key management, comprised of the Company's executive officers and directors. Compensation earned by key management is shown in the following table:

	Years ended September 30	
	2017	**2016**
Salaries, wages and benefits	**$ 1,727**	$ 2,201
Share-based compensation expense	**1,126**	479
Total	**$ 2,853**	$ 2,680

23. Subsequent events

On October 16, 2017, the Company reached an agreement where, among other things, the Company paid US$ 4.75 million in lieu of any additional earn-out consideration the seller may have been entitled to under the Mobi purchase agreement. As a result of this agreement and payment, the contingent consideration liability associated with the Mobi acquisition was fully settled.

24. New accounting standards

Certain new accounting standards and interpretations have been published that are not mandatory for adoption for reporting periods beginning on October 1, 2016 and have not been early adopted by the Company. The Company has not yet assessed the impact of these new standards and amendments or whether these standards and amendments will be early adopted.

i. IFRS 9, Financial Instruments. In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments - Recognition and Measurement, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement of financial assets, recognition and measurement for debt instruments, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is evaluating the impact of this standard on its consolidated financial statements.

ii. IFRS 15, Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes a single comprehensive principles-based model of accounting for revenue arising from contracts with customers that an entity will apply to determine the measurement of revenue and the timing of when it is recognized. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. This standard will replace IAS 18, Revenue, which covers contracts for

goods and services and IAS 11, Construction Contracts, which covers revenue from construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The new standard will be effective for the fiscal year beginning on or after January 1, 2018 and earlier application is permitted. Adoption of the standard may have flow-on effects on adopting an entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The Company is evaluating the impact of this standard on its consolidated financial statements.

iii. IFRS 16, Leases. On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019 and earlier application is permitted. Under the new standard, all leases will be recorded on the balance sheet of lessees, except those that meet the limited exception criteria. As the Company has significant contractual obligations in the form of operating leases under the existing standards, there will be a material increase to both assets and liabilities upon adoption of the new standard, and changes to the timing of recognition of expenses associated with the lease arrangements, which could be material. The Company is evaluating the impact of this standard on its consolidated financial statements.

iv. IFRIC 23, Uncertainty over Income Tax Treatments. In June 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments, with a mandatory effective date of January 1, 2019. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept the Company's tax treatments. A company is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. IFRIC 23 is to be applied by recognizing the cumulative effect of initially applying these guidelines in opening retained earnings without adjusting comparative information. The Company is evaluating the impact of this standard on its consolidated financial statements.

v. IFRIC 22, Foreign Currency Transactions and Advance Consideration. In December 2016, the IASB issued IFRIC 22, Foreign Currency Transactions and Advance Consideration, with a mandatory effective date of January 1, 2018. The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. On initial application, a company may apply the interpretation either retrospectively or prospectively. The Company is evaluating the impact of this standard on its consolidated financial statements.