IBI Group 2019
Fourth-Quarter Financial Statements

YEARS ENDED DECEMBER 31, 2019 AND 2018

CONSOLIDATED FINANCIAL STATEMENTS OF

IBI GROUP INC.

YEARS ENDED DECEMBER 31, 2019 AND 2018

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of IBI Group Inc.

Opinion

We have audited the consolidated financial statements of IBI Group Inc. (the Entity), which comprise:

- the consolidated statement of financial position as at December 31, 2019 and December 31, 2018
- the consolidated statement of income and comprehensive income for the years then ended
- the consolidated statement of changes in equity (deficit) for the years then ended
- the consolidated statement of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at the end of December 31, 2019 and December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report".

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our

auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditors' report is Elliot Marer.

Vaughan, Canada

March 4, 2020

IBI GROUP INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(thousands of Canadian dollars)	NOTES	DECEMBER 31, 2019	DECEMBER 31, 2018 *(as adjusted note 2(f))*
ASSETS			
Current Assets			
Cash	*6(c)*	**$ 15,628**	$ 9,460
Accounts receivable	*6(c),12(b)*	**109,581**	114,796
Contract assets	*5*	**63,385**	61,893
Prepaid expenses and other current assets	*4*	**14,436**	15,276
Lease receivable	*4,6(c)*	**476**	–
Income taxes recoverable	*9*	**1,421**	505
Total Current Assets		**$ 204,927**	$ 201,930
Restricted cash	*6(c),12*	**3,047**	3,190
Other assets		**–**	300
Property and equipment	*7*	**21,620**	18,084
Intangible assets	*8*	**9,620**	8,089
Lease receivable	*4,6(c)*	**6,252**	–
Right-of-use assets	*4*	**63,390**	–
Investment	*18*	**199**	–
Deferred tax assets	*9*	**9,248**	10,179
TOTAL ASSETS		**$ 318,303**	$ 241,772
LIABILITIES AND DEFICIT			
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	*4,6(c),12*	**45,180**	39,671
Contract liabilities	*4,6(c),12*	**41,387**	40,394
Income taxes payable	*9*	**780**	1,999
Lease liability	*4,6(c)*	**13,289**	–
Deferred consideration	*17*	**490**	–
Onerous lease provisions	*4*	**–**	1,541
Total Current Liabilities		**$ 101,126**	$ 83,605
Onerous lease provisions	*4*	**–**	312
Credit facilities	*6(a)*	**50,328**	75,548
Convertible debentures	*6(b)*	**39,768**	37,213
Lease liability	*4,6(c)*	**66,758**	–
Other financial liabilities	*6(b)*	**2,842**	3,994
Deferred consideration	*17*	**1,241**	–
Deferred tax liabilities	*9*	**4,702**	3,833
TOTAL LIABILITIES		**$ 266,765**	$ 204,505
EQUITY			
Shareholders' Equity			
Share capital	*11*	**279,993**	279,926
Capital reserve	*11*	**4,205**	2,731
Contributed surplus	*11*	**7,958**	7,958
Deficit		**(248,907)**	(262,935)
Accumulated other comprehensive loss		**(5,427)**	(1,998)
Total Shareholders' Equity		**$ 37,822**	$ 25,682
Non-controlling interest	*11*	**13,716**	11,585
TOTAL EQUITY		**$ 51,538**	$ 37,267
TOTAL LIABILITIES AND EQUITY		**$ 318,303**	$ 241,772

See accompanying notes to the consolidated financial statements.

IBI GROUP INC.

CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME

(thousands of Canadian dollars, except per share amounts)	NOTES	2019	2018
Revenue			
Gross Revenue		**$ 460,458**	$ 454,614
Less: Subconsultants and direct costs		**83,605**	86,314
NET REVENUE		**$ 376,853**	$ 368,300
Expenses			
Salaries, fees and employee benefits	*10,20*	**264,168**	263,095
Base rent	*4*	**-**	12,560
Variable lease expense	*4*	**8,555**	9,060
Other operating expenses	*4*	**45,390**	41,739
Foreign exchange loss	*12(a)*	**1,278**	3,190
Amortization of intangible assets	*8*	**2,051**	1,474
Depreciation of property and equipment	*7*	**5,141**	4,536
Depreciation of right-of-use assets	*4*	**12,506**	-
Change in fair value of other financial liabilities	*6(b)*	**(1,152)**	(9,017)
Impairment of financial assets	*12(b)*	**2,598**	1,397
Impairment of right-of-use assets	*4*	**268**	-
		340,803	328,034
OPERATING INCOME		**$ 36,050**	$ 40,266
Interest expense, net	*4,12(a),15*	**12,426**	10,939
Other finance costs	*15*	**872**	1,133
FINANCE COSTS		**$ 13,298**	$ 12,072
NET INCOME BEFORE TAX		**$ 22,752**	$ 28,194
Current tax expense	*9*	**4,214**	1,581
Deferred tax expense	*9*	**1,689**	6,122
INCOME TAXES		**$ 5,903**	$ 7,703
NET INCOME		**$ 16,849**	$ 20,491
OTHER COMPREHENSIVE INCOME			
Items that are or may be reclassified to profit or loss			
Gain (loss) on translating financial statements of foreign operations		**(4,119)**	6,287
OTHER COMPREHENSIVE INCOME (LOSS)		**(4,119)**	6,287
TOTAL COMPREHENSIVE INCOME		**$ 12,730**	$ 26,778
NET INCOME ATTRIBUTABLE TO:			
Common shareholders		**14,028**	17,059
Non-controlling interests	*11*	**2,821**	3,432
NET INCOME		**$ 16,849**	$ 20,491
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO*:*			
Common shareholders		**10,599**	22,293
Non-controlling interests	*11*	**2,131**	4,485
TOTAL COMPREHENSIVE INCOME		**$ 12,730**	$ 26,778
EARNINGS PER SHARE ATTRIBUTABLE TO COMMON SHAREHOLDERS			
Basic earnings per share	*11*	**$ 0.45**	$ 0.55
Diluted earnings per share	*11*	**$ 0.45**	$ 0.54

See accompanying notes to the consolidated financial statements.

IBI GROUP INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of Canadian dollars)	NOTES	2019	2018
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net income		**$ 16,849**	$ 20,491
Items not affecting cash:			
Onerous lease provision	*4*	**-**	(3,426)
Depreciation of property and equipment	*7*	**5,141**	4,536
Amortization of intangible assets	*8*	**2,051**	1,474
Depreciation of right of use assets	*4*	**12,506**	-
Amortization of deferred financing costs	*15*	**457**	512
Impairment of financial assets	*12(b)*	**2,598**	1,397
Impairment of right of use assets	*4*	**268**	-
Foreign exchange loss	*12(b)*	**1,278**	3,190
Interest expense, net	*4,15*	**12,426**	10,939
Deferred tax expense	*9*	**1,689**	6,122
Share based compensation	*20*	**1,474**	1,371
Deferred share units issued	*19*	**461**	547
Change in fair value of deferred share units	*19*	**567**	(1,194)
Change in net present value of lease liabilities		**(246)**	-
Loss on disposal of property and equipment	*7*	**46**	9
Change in fair value of other financial liabilities	*6(b)*	**(1,152)**	(9,017)
Interest paid		**(9,819)**	(6,128)
Income taxes received (paid)		**(4,693)**	924
Change in non-cash operating working capital	*13*	**8,257**	(19,134)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		**$ 50,158**	$ 12,613
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Draws (payments) on principal of credit facilities	*6(a)*	**(25,025)**	10,425
Redemption of convertible debentures		**-**	(14,755)
Deferred financing costs	*6(a)*	**(84)**	(314)
Payment of lease liabilities	*4*	**(5,871)**	(36)
Proceeds from shares issued	*11*	**67**	4
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**$ (30,913)**	$ (4,676)
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Purchase of property and equipment	*7*	**(8,952)**	(6,946)
Purchase of intangible assets	*8*	**(2,074)**	(1,445)
Increase in investment	*18*	**(199)**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**$ (11,225)**	$ (8,391)
Effects of currency translation on cash and cash equivalents	*12(b)*	**(1,852)**	81
NET INCREASE (DECREASE) IN CASH		**$ 6,168**	$ (373)
Cash, beginning of period		**9,460**	9,833
CASH, END OF PERIOD		**$ 15,628**	$ 9,460

See accompanying notes to the consolidated financial statements.

IBI GROUP INC.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (DEFICIT)

(thousands of Canadian dollars)	NOTES	2019	2018
			(as adjusted note 2(f))
SHARE CAPITAL			
Share capital, beginning of period		**$ 279,926**	$ 279,679
Shares issued	*11*	**67**	247
SHARE CAPITAL, END OF PERIOD		**$ 279,993**	$ 279,926
CAPITAL RESERVE			
Capital reserve, beginning of period		**$ 2,731**	$ 1,362
Stock options granted	*20*	**897**	1,224
Stock options exercised	*20*	**(22)**	(2)
Performance share units granted	*20*	**599**	147
CAPITAL RESERVE, END OF PERIOD		**$ 4,205**	$ 2,731
CONTRIBUTED SURPLUS			
Contributed surplus, beginning of period		**$ 7,958**	$ 7,397
Conversion of 7% debentures		**-**	561
CONTRIBUTED SURPLUS, END OF PERIOD		**$ 7,958**	$ 7,958
DEFICIT			
Deficit, beginning of period, as reported		**$ (258,204)**	$ (275,263)
Adjustments from prior period	*2(f)*	**(4,731)**	(4,731)
Deficit, beginning of period, as adjusted	*2(f)*	**$ (262,935)**	$ (279,994)
Net income attributable to common shareholders		**14,028**	17,059
DEFICIT, END OF PERIOD		**$ (248,907)**	$ (262,935)
CONVERTIBLE DEBENTURES – EQUITY COMPONENT			
Convertible debentures, beginning of period	*6(b)*	**$ -**	$ 561
Conversion of 7% debentures		**-**	(561)
CONVERTIBLE DEBENTURES, END OF PERIOD		**$ -**	$ -
ACCUMULATED OTHER COMPREHENSIVE LOSS			
Accumulated other comprehensive loss, beginning of period		**$ (1,998)**	$ (7,232)
Other comprehensive income (loss) attributable to common shareholders		**(3,429)**	5,234
ACCUMULATED OTHER COMPREHENSIVE LOSS, END OF PERIOD		**$ (5,427)**	$ (1,998)
TOTAL SHAREHOLDERS' EQUITY		**$ 37,822**	$ 25,682
NON-CONTROLLING INTEREST			
Non-controlling interest, beginning of period		**$ 11,585**	$ 7,100
Total comprehensive income attributable to non-controlling interests	*11*	**2,131**	4,485
NON-CONTROLLING INTEREST, END OF PERIOD		**$ 13,716**	$ 11,585
TOTAL EQUITY, END OF PERIOD		**$ 51,538**	$ 37,267

See accompanying notes to the consolidated financial statements.

NOTE 1: ORGANIZATION AND DESCRIPTION OF THE BUSINESS

IBI Group Inc. (the "Company") is a company incorporated pursuant to the provisions of the Canada Business Corporations Act (the "CBCA") on September 30, 2010 and is the successor to IBI Income Fund (the "Fund"), an unincorporated, open-ended limited purpose trust established under the laws of Ontario.

The Fund was created on July 23, 2004, to indirectly acquire the outstanding Class A partnership units of IBI Group Partnership ("IBI Group"), a general partnership formed and carrying on business under the laws of the Province of Ontario. As at December 31, 2019, the Company's common share capital consisted of 31,240,044 (December 31, 2018 – 31,220,877) issued and outstanding shares. Each common share entitles the holder to one vote at all meetings of shareholders.

IBI Group also issued Class B partnership units to IBI Group Management Partnership (the "Management Partnership"), the entity that carried on the operations of the Fund prior to its acquisition by the Fund. The Class B partnership units of IBI Group are indirectly exchangeable for common shares on the basis of one share of the Company for each Class B partnership unit. Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders of the Company.

If all of the outstanding Class B partnership units were converted to common shares, the number of outstanding common shares as at December 31, 2019 would be 37,522,266 (December 31, 2018 – 37,503,099). If the Class B partnership units were converted, the Management Partnership and affiliated partnerships would hold 35.7% of the voting shares as at December 31, 2019 (December 31, 2018 – 35.6%).

The table below summarizes the ownership of the Company by the Management Partnership and affiliated partnerships as at December 31, 2019:

	NUMBER OF UNITS HELD	PERCENTAGE OF TOTAL OWNERSHIP
Class B partnership units and non-participating voting shares held by the Management Partnership	6,282,222	16.74%
Common shares held by the Management Partnership and affiliated partnerships	7,105,910	18.94%

Through IBI Group, the Company is a technology-driven design firm providing clients globally with architecture, engineering, planning, systems and technology services. IBI Group's business is concentrated in three main areas of development, being intelligence, buildings and infrastructure. The professional services provided by IBI Group include planning, design, implementation, analysis of operations and other consulting and technology services related to these three main areas of development.

The table below summarizes the trading symbols of the Company's securities which are listed on the Toronto Stock Exchange ("TSX") as at December 31, 2019:

SECURITY	TRADING SYMBOL
Common shares	"IBG"
5.5% convertible debentures, $46,000 principal, convertible at $8.35 per share, matures on December 31, 2021 ("5.5% Debentures")	"IBG.DB.D"

The Company's registered head office is 55 St. Clair Ave. West, 7th Floor, Toronto, Ontario, M4V 2Y7.

NOTE 2: BASIS OF PREPARATION

(a) STATEMENT OF COMPLIANCE

These consolidated financial statements of the Company and its subsidiaries (the "consolidated group") have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved and authorized for issuance by the Company's Board of Directors on March 5, 2020.

(b) BASIS OF MEASUREMENT

These consolidated financial statements were prepared on a going concern basis. Amounts are recorded under the historical cost convention, except for certain financial liabilities measured at fair value through profit or loss ("FVTPL").

(c) BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are entities over which the Company has control. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in these consolidated financial statements from the date that effective control commences and are de-consolidated from the date control ceases.

JOINT ARRANGEMENTS

The Company performs the majority of its construction projects through wholly owned subsidiary entities, which are fully consolidated. However, a number of projects, particularly some larger, multi-year, multi-disciplined projects, are executed through partnering agreements. As such, the classification of these entities as a subsidiary, joint operation, joint venture or associate requires judgement by management to analyze the various indicators that determine whether control exists. In particular, when assessing whether a joint arrangement should be classified as either a joint operation or a joint venture, management considers the contractual rights and obligations, voting shares, share of board members

and the legal structure of the joint arrangement. Subject to reviewing and assessing all the facts and circumstances of each joint arrangement, joint arrangements contracted through agreements and general partnerships would generally be classified as joint operations whereas joint arrangements contracted through corporations would be classified as joint ventures. All current partnering arrangements are classified as joint operations.

The Company recognizes its assets, liabilities and transactions in relation to its proportionate share of joint operations in these consolidated financial statements.

TRANSACTIONS ELIMINATED ON CONSOLIDATION

Transactions, balances, income and expenses incurred within the consolidated group are eliminated in full on consolidation.

NON-CONTROLLING INTEREST

Non-controlling interest in IBI Group is exchangeable into common shares of the Company. Changes in the equity of IBI Group and distributions to the non-controlling interest are recorded in non-controlling interest.

(d) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Canadian dollars, which is the currency of the primary economic environment in which the Company and its Canadian subsidiaries, including IBI Group, operate (the “functional currency”).

Each of the Company’s subsidiaries determines its functional currency, and items included in the financial statements of each subsidiary are measured using that functional currency. The Company’s foreign operations are translated into its reporting currency (Canadian dollar) as follows: assets and liabilities are translated at the rate of exchange in effect at the date of the consolidated statement of financial position, and items of revenues and expenses are translated at the average rate of exchange for the period. The resulting unrealized exchange gains and losses on foreign subsidiaries are recognized in accumulated other comprehensive loss (“AOCL”).

Transactions in foreign currencies are translated to the functional currency of the respective entity at exchange rate in effect on the date of the transaction. Foreign exchange gains and losses on such transactions, as well as from the translation of monetary assets and liabilities not denominated in the functional currency of the respective entity, are recorded in earnings. On disposal, or partial disposal, of a foreign entity, or repatriation of the net investment in a foreign entity, resulting in a loss of control, significant influence or joint control, the cumulative translation recognized in AOCL relating to that particular foreign entity is recognized in earnings as part of the gain or loss on sale. On a partial disposition of a subsidiary that does not result in a loss of control, the amounts are reallocated to the non-controlling interest in the foreign operation based on their proportionate share of the cumulative amounts recognized in AOCL. On partial disposition of jointly controlled foreign entities or associates, the proportionate share of translation differences previously recognized in AOCL are reclassified to earnings.

References to “$” in these consolidated financial statements denote Canadian dollars and references to “U.S$” are to U.S dollars.

All amounts presented in Canadian dollars have been rounded to the nearest thousand.

(e) USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to exercise judgement and make estimates and assumptions that affect the application of accounting policies on reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the consolidated statement of financial position, and the reported amounts of revenue and expenses for the period covered by the consolidated statement income and comprehensive income. Actual amounts may differ from these estimates.

Within the context of these consolidated financial statements, a judgement is a decision made by management in respect of the application of an accounting policy, a recognized or unrecognized financial statement amount and/or note disclosure, following an analysis of relevant information that may include estimates and assumptions. Estimates and assumptions are used mainly in determining the measurement of balances recognized or disclosed in these consolidated financial statements and are based on a set of underlying data that may include management's historical experience, knowledge of current events and conditions and other factors that are believed to be reasonable under the circumstances. Management continually evaluates the estimates and judgements it uses.

Information about judgements made in applying accounting policies that have the most significant impact on the amounts recognized in these consolidated financial statements are as follows, except for significant judgements and key sources of estimation uncertainty related to the application of IFRS 16, which are described in Note 4:

REVENUE RECOGNITION

The Company recognizes revenue on performance obligations satisfied over time with reference to professional costs incurred to date as percentage of total professional costs for each performance obligation. Estimating total professional costs is subjective and requires the use of management's best estimate based on the information available at that point in time. Changes in the estimates are reflected in the period in which they are made and would affect the Company's revenue and contract assets.

IMPAIRMENT OF ACCOUNTS RECEIVABLE

In each stage of the impairment model, impairment is determined based on the probability that the accounts receivable will not be collectable. The application of the expected credit loss model requires management to apply the following significant judgements, assumptions, and estimations:

- Movement of impairment measurement between the three stages of the expected credit loss model, based on the assessment of increase credit risks on receivables. The assessment changes in credit risks includes qualitative and quantitative factors of the accounts, such as historical credit loss.

- Thresholds for significant increase in credit risks based on the changes in probability of loss over the expected life of the instrument relative to initial recognition; and

- Forecasts of future economic conditions.

DETERMINING PROBABLE FUTURE UTILIZATION OF TAX LOSS CARRYFORWARDS

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based on the likely timing and the level of future taxable profits, together with future tax-planning strategies.

REVALUATION OF DERIVATIVE LIABILITY

The Company has recognized a convertible debenture as a hybrid financial instrument which includes a derivative liability component. The derivative liability requires a remeasurement at each reporting period to its fair value. Factors and assumptions which affect the fair value remeasurement of the derivative include the bond market price, risk free interest rate, credit spread and IBI share price.

(f) CORRECTION OF NON-MATERIAL ERRORS IN PRIOR PERIODS

As part of the implementation of the Company's ERP system that began in 2015, the Company was able to utilize the functionality in the new ERP system that tracks projects in the respective functional and transactional currency. Upon conversion of data from previous multiple accounting systems to the new ERP system, it was determined that certain non-cash foreign exchange translation created immaterial balances of contract assets that are in excess of the amounts to ultimately be realized on the respective projects. Management has corrected the effect of these prior period immaterial differences by adjusting opening retained earnings of the comparative period. Adjustments have been made to contract assets, deferred tax liabilities, and opening retained earnings as at January 1, 2018. These adjustments do not affect net earnings or Adjusted EBITDA[1] over the financial statement periods presented. The adjustment to opening retained earnings is a decrease of $4,731 net of tax.

	Impact of adjustments		
	December 31, 2017	**Decrease**	**January 1, 2018**
Contract assets	$ 64,579	$ (6,394)	$ 58,185
Deferred Tax liabilities	3,901	(1,663)	2,238
Deficit	(275,263)	(4,731)	(279,994)

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) REVENUE RECOGNITION

REVENUE RECOGNITION

The Company enters into contracts with clients to provide professional services in three main areas intelligence, buildings and infrastructure. The professional services range from planning, design, implementation, analysis of operations and other consulting services as required by the customer.

[1] As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

The Company has determined that the customer controls contract assets as the deliverables are being created and they lack an alternative use to the Company. The Company's standard contracting templates entitles the Company to an enforceable right to reimbursement of costs incurred to the cancellation date including a reasonable profit margin. Revenue from these contracts are recognized over-time as services are rendered with invoices being issued based on the billing terms of the contract. Uninvoiced amounts are recognized as contract assets.

Certain contracts will include multiple deliverables and can span more than one fiscal period. Management applies judgement when assessing whether certain deliverables in a customer arrangement should be included or excluded as a separate performance obligation, and the allocation of transaction price to each identified performance obligation.

The Company recognizes revenue on performance obligations satisfied over time with reference to professional costs incurred to date as percentage of total professional costs for each performance obligation. Estimating total professional costs is subjective and requires the use of management's best estimate based on the information available at that point in time. Changes in the estimates are reflected in the period in which they are made and would affect the Company's revenue and contract assets.

DISAGGREGATION OF REVENUE

The Company considers economic factors that may impact the nature, amount, timing and uncertainty of revenue and cash flows on a geographical basis.

CONTRACT BALANCES

The contract assets primarily relate to the Company's rights to consideration for services rendered but not billed at the report date. The contract assets are transferred to accounts receivable when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer. The contract liabilities relate to the advance consideration received from customers, for which the Company has an obligation to provided services.

COMMITTED REVENUE

At the end of December 31, 2019, the Company has $490,926 of work that is committed to performance obligations for the next five years.

	AS AT DECEMBER 31, 2019				
	2020	**2021**	**2022**	**2023**	**2024**
Total committed revenue	$ 294,931	$ 103,947	$ 51,826	$ 27,501	$ 12,721

(b) CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract asset represents the fee revenue and recoverable disbursements which have not been billed but are expected to be billed and collected from clients for contract work performed to date, and is valued at estimated net realizable value.

Billings in excess of time value incurred on jobs in progress, for which future services will be provided, are included in contract liabilities in the consolidated statement of financial position.

An allowance account is also maintained on work in process, measured by the estimated amount of professional costs that are expected not to be invoiced. When contract assets are not recoverable due to collection risks, the amount is written off in the reserve for contract assets.

(c) CASH

Cash is comprised of cash on hand. Cash balances, which the Company has the ability and intent to offset, are used to reduce reported bank indebtedness and fund operations.

(d) PROPERTY AND EQUIPMENT

Items of property and equipment are measured at cost less accumulated depreciation, net of accumulated impairment losses, and amortized over their estimated useful lives as follows:

ASSET	BASIS	RATE
Office furniture and equipment	Diminishing balance	20%
Computer equipment	Straight line	2 years
Vehicles	Diminishing balance	20%
Leasehold improvements	Straight line	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

The cost of repairs and maintenance of property and equipment are recognized as an expense as incurred.

(e) Intangible Assets

Intangible assets are initially recorded at fair value at their acquisition date and stated at cost less accumulated amortization and net impairment losses, where applicable. The cost of intangible assets with determinable lives is amortized over the period in which the benefits of such assets are expected to be realized as follows:

ASSET	BASIS	AMORTIZATION PERIOD
Customer relationships	Straight line	8-10 years
Contracts backlog	Straight line	1-2 years
Non-competition provisions	Straight line	3-4 years
ERP Systems	Straight line	10 years
Internally generated intangibles	Straight line	5 years

(f) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Company evaluates the recoverability of right of use assets, property and equipment, and intangible assets with determinable lives for impairment at the end of each reporting period. If there are indicators of impairment, a review is undertaken to determine whether the carrying amounts are in excess of their recoverable amounts.

The determination of recoverable amount is based on the higher of value in use or fair value less costs to sell.

For the purposes of assessing impairment where it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash generating unit (“CGU”) to which the asset belongs is estimated. A CGU is the smallest identifiable group of assets for which there are separately identifiable cash inflows.

The carrying amount of a CGU includes the carrying amount of only those assets that can be attributed directly, or allocated on a reasonable and consistent basis, and are expected to generate the future cash inflows.

An impairment loss is recognized in the consolidated statement of comprehensive income when a CGU's carrying amount exceeds its recoverable amount. The impairment loss is allocated on a pro rata basis to the assets in the CGU.

For property and equipment and intangible assets with determinable useful lives, an impairment loss is reversed only to the extent that the asset’s carrying value does not exceed the carrying value that would have been determined, net of amortization, had no impairment loss been recognized.

(g) INCOME TAXES

Income tax expense consists of current tax charge and the change in deferred tax assets and liabilities. Current tax and deferred tax is recognized in the consolidated statement of comprehensive income except to the extent that it relates to a business combination, or to items recognized directly in equity or other comprehensive loss.

Current tax represents the current tax payable (receivable) on the taxable income for the period, calculated in accordance with the rates and legislation of the respective tax jurisdiction in which the Company operated, enacted or substantively enacted as at the date of the consolidated statement of financial position; it also reflects any adjustment resulting from new information to taxes payable (recoverable) in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of the expected income tax consequences attributable to temporary differences between the financial statement carrying values of existing assets and liabilities in the consolidated statement of financial position and their respective income tax bases. Deferred tax assets and liabilities are measured using enacted, or substantively enacted, tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statement of comprehensive income in the period that includes the date of enactment or of substantive enactment of the future tax rates.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are evaluated at each reporting period and are reduced to the extent that it is no longer probable that future taxable profits will be available against which they can be utilized.

(h) SHARE-BASED COMPENSATION

Cash settled transactions

The Company has a share-based compensation plan (“Deferred Share Plan”) which allows directors to receive director fees in the form of deferred shares rather than cash. These awards are accounted for as liabilities at FVTPL. On the grant date, the deferred shares are measured at fair value based on the market price with subsequent changes to the fair value recorded as salaries, fees and employee benefit expenses until settled.

Equity settled transactions

Stock options

The grant date fair value of share based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. A Black-Scholes valuation model is used to fair value the stock options on the grant date. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date.

Performance share units

The grant date fair value of share based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. A Monte Carlo valuation model is used to fair value the performance share units on the grant date. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. The vesting and performance conditions are determined by the Board of Directors at the time of each grant.

(i) FINANCIAL INSTRUMENTS

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity (in accordance with the substance of the contractual arrangement). An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded net of direct issue costs.

Debt securities issued and other liabilities are recognized at fair value on the date that they originated. Other financial liabilities are recognized initially on the trade date at which the Company becomes party to the contractual provisions on the instrument. Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost.

Financial liabilities at FVTPL

At the end of each reporting period subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value recognized directly in profit or loss in the period in which they arise.

Financial liabilities at amortized cost

These financial liabilities are recognized initially at fair value, net of any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are carried at amortized cost using the effective interest rate method.

Compound financial instruments

Compounded financial instruments issued by the Company consist of convertible debentures that can be converted into share capital at the option of the holder. The liability component of a compound financial instrument is measured initially at fair value, calculated as the net present value of the liability without conversion option and using a discount rate reflective of liability instrument without a conversion factor. The equity and derivative liability component is recognized initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability, derivative liability, and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The derivative liability component is remeasured

subsequent to initial recognition at fair value. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Upon derecognition, the equity component of a compound financial instrument is reclassified to contributed surplus.

DERECOGNITION OF FINANCIAL INSTRUMENTS

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire or when the Company transfers the financial asset to another party without retaining control or substantially all the risks and rewards of ownership of the assets. Any interest in transferred assets that are created or retained by the Company is recognized as a separate asset or liability.

A financial liability is derecognized when the underlying contractual obligation is legally discharged, cancelled or expires.

The following table summarizes the classification and sequent measurement of the Company's financial assets and liabilities:

FINANCIAL INSTRUMENT	CLASSIFICATION
FINANCIAL ASSETS	
Cash	FVTPL
Restricted cash	FVTPL
Accounts receivable	Amortized cost
FINANCIAL LIABILITIES	
Accounts payable and accrued liabilities	Amortized cost
Deferred share plan liability[(1)]	FVTPL
Due to related parties	Amortized cost
Finance lease obligation	Amortized cost
Credit facilities	Amortized cost
Convertible debentures – liability component	Amortized cost
Other financial liability	FVTPL

(j) LEASES

Changes in accounting policy with regards to leases as a result of the New IFRS 16 standard taking effect on January 1, 2019, are described in Note 4.

(k) PROVISIONS

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are not recognized for future operating losses. Provisions are measured at the present value of the expected expenditures to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as an interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

NOTE 4: CHANGES IN ACCOUNTING POLICIES

(a) ACCOUNTING POLICY CHANGES ADOPTED IN 2019

IFRS 16 LEASES

(a) DEFINITION OF A LEASE

If a contract gives right to control the use of an identified asset for a period of time in exchange for consideration the Company will establish a right of use asset and lease liability. The standard requires a lessee to recognize a right-of-use asset representing its right to use the underlying leased asset and a corresponding lease liability representing its obligation to make lease payments for all leases.

The Company has adopted IFRS 16 as at January 1, 2019, using the modified retrospective method upon transition with no restatement of comparative financial information. The Company recognized a lease liability at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at January 1, 2019 and a corresponding right-of-use asset.

(b) APPLICATION BY LESSEE

As a lessee, the Company previously classified leases as operating or finance leases based on whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company adopts the method of recognizing leases on-balance sheet, by setting up a right-of-use asset and lease liabilities for most of its leases.

The Company will apply the following transitional practical expedients:

- Exclude leases of low dollar value assets and leases with a remaining term of less than 12 months at January 1, 2019.

- Apply any provision for onerous contracts previously recognized to the associated ROU asset recognized upon transition to IFRS 16. In these cases, no impairment assessment will be made under IAS 36 *Impairment of Assets*.

- Exclude initial direct costs from measuring the right-of-use asset at the date of transition.

- Use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company's right-of-use assets presented as a separate line item on the statement of financial position includes real estate leases for office space, equipment leases and vehicle leases. The Company applied a provision against the initial recognition of the right-of-use asset of real estate leases to account for the contract that was determined to be onerous prior to January 1, 2019. This adjustment is applied against the right-of-use asset as at January 1, 2019, therefore the prior period balance of the onerous lease is presented separately on the statement of financial position. Assets presented as right-of-use were previously classified off-balance sheet as operating leases under IAS 17.

Similarly, the obligation of monthly lease payments recognized as a lease liability includes lease payments related to base rent of office space and equipment with the non-lease components expensed through the variable lease expense and other operating lines of the statement of profit and loss. Vehicle

lease payments include non-lease components in the determination of lease liability. Under IAS 17, monthly lease payments were recorded as an expense to the statement of profit and loss.

The Company has applied judgement to determine the incremental borrowing rate and the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognized.

(c) APPLICATION BY LESSOR

Under IFRS 16, the Company is required to assess the classification of a sub-lease with reference to the right of use asset, no the underlying asset. On transition, the Company reassessed the classification of their sub-lease contracts previously classified as operating leases under IAS 17. The Company concluded that the sub-leases are finance leases under IFRS 16, and accounted for them as new finance leases entered into at the date of initial application. A lease receivable is recognized at the inception of the sublease agreement based on the net present value of cash flows to be received from the sub-tenants with a corresponding reduction in the right of use asset recognized on the head-lease.

The following table represents the carrying value of the Company's total finance leases under IFRS 16 as well as the undiscounted cash flows for each of the next 5 years and beyond.

	YEAR ENDED DECEMBER 31, 2019				
	CARRYING AMOUNT	**2020**	**2021 AND 2022**	**2023 AND 2024**	**2025 AND BEYOND**
Lease receivables	$ 6,728	$ 666	$ 4,603	$ 2,108	$ 9

The difference between the carrying value of the finance leases and the total undiscounted cash flows represents the unearned finance income relating to the lease receivable payments which will ultimately be recognized as part of interest.

(d) TRANSITION IMPACT

The following table represents the impact on January 1, 2019 upon adoption of IFRS 16:

	Impact of changes in accounting policy		
	December 31, 2018	**Increase / (Decrease)**	**January 1, 2019**
Right-of-use assets	$ -	$ 74,661	$ 74,661
Lease receivable	-	5,555	5,555
Prepaid expenses and other current	15,276	(1,097)	14,179
Total Assets *(as adjusted Note 2(f))*	$ 241,772	$ 79,119	$ 320,891
Accounts payable and accrued liabilities	$ 39,671	$ (2,611)	$ 37,060
Lease liabilities	-	83,583	83,583
Onerous lease provision	1,853	(1,853)	-
Total Liabilities *(as adjusted Note 2(f))*	$ 204,505	$ 79,119	$ 283,624

The following table represents the total lease commitments as disclosed in the December 31, 2018 annual audited consolidated financial statements as well as the comparative lease liability under IFRS 16 net of exemptions taken:

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's annual consolidated financial statements	$	117,221
Weighted-average incremental borrowing rate		5.15%
Discounted using the incremental borrowing rate at January 1, 2019	$	86,330
Less: Recognition exemption for leases of low value assets		(1,455)
Less: Recognition exemption for leases with less than 12 months of remaining lease term at transition		(1,292)
Lease liabilities recognized at January 1, 2019	$	83,583

The application of IFRS 16 on leases that were previously classified as operating leases resulted in the Company recognizing right-of-use assets of $74,661, and lease liability of $83,583. The following table provides a reconciliation of right-of-use assets and lease liabilities at date of transition as at January 1, 2019:

Right-of-use asset / Lease liability reconciliation (Add / (Deduct))		
Right-of-use asset	$	74,661
Lease receivable		5,555
Accrued liabilities		2,611
Onerous lease		1,853
Prepaid Assets		(1,097)
Lease liability	$	83,583

As a result of adopting IFRS 16 at January 1, 2019 with the practical expedient applied, the Company reclassified the onerous lease provision at December 31, 2018 as a reduction to the right-of-use-asset. In addition, the Company as a lessor concluded the sub-lease was a finance lease, which resulted in a lease receivable that will be recovered over the remaining lease period.

The following table represents the carrying value of the right-of-use assets as at January 1, 2019 and December 31, 2019:

	Right-of-Use Assets			
	Real Estate Lease	**Equipment**	**Vehicles**	**Total**
Balance as at January 1, 2019	$ 72,532	$ 1,931	$ 198	$ 74,661
Additions	4,289	949	-	5,238
Allocation to lease receivable due to new sublease agreements	(2,574)	-	-	(2,574)
Depreciation	(11,805)	(639)	(62)	(12,506)
Impairment	(268)	-	-	(268)
Foreign exchange gain (loss)	(1,061)	(86)	(14)	(1,161)
Balance as at December 31, 2019	$ 61,113	$ 2,155	$ 122	$ 63,390

The following table represents the carrying value of the lease liabilities as at January 1, 2019 and December 31, 2019:

Lease Liabilities		
Balance as at January 1, 2019	$	83,583
Additions		5,238
Change in net present value		(246)
Lease Payments		(7,154)
Foreign exchange gain		(1,374)
Balance as at December 31, 2019	$	80,047

(e) PERIOD IMPACT

During the period for year ended December 31, 2019, the Company recognized on the statement of profit and loss depreciation expenses on its right-of-use assets of $12,506 and net interest expense on its lease liabilities and receivables of $3,908. The Company recognized in other operating expenses $2,896 in relation to leases exempted from IFRS 16 with $2,724 related to leasing of low value assets and $172 related to short-term leases.

(b) FUTURE ACCOUNTING POLICIES

Amendments to References to the Conceptual Framework in IFRS Standards

On March 29, 2018 the IASB issued a revised version of its *Conceptual Framework for Financial Reporting* (the Framework), that underpins IFRS Standards. The IASB also issued *Amendments to References to the Conceptual Framework in IFRS Standards* (the Amendments) to update references in IFRS Standards to the previous version of the Conceptual Framework. Both documents are effective from January 1, 2020 with earlier application permitted. The extent of the impact of the change has not yet been determined.

Definition of a Business (Amendments to IFRS 3)

On October 22, 2018, the IASB issued amendments to IFRS 3 *Business Combinations*, that seek to clarify whether a transaction results in an asset or a business acquisition. The amendments apply to businesses acquired in annual reporting periods beginning on or after January 1, 2020 with earlier application permitted. The extent of the impact of the change has not yet been determined.

Definition of Material (Amendments to IAS 1 and IAS 8)

On October 31, 2018, the IASB refined its definition of material and removed the definition of material omissions or misstatements from IAS 8. The amendments are effective for the annual periods beginning on or after January 1, 2020. The extent of the impact of the change has not yet been determined.

NOTE 5: SEGMENT INFORMATION

The Company is a global design and technology firm, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities. The Company considers the basis on which it is organized, including geographic areas and service offerings, in identifying its reportable segments.

(a) OPERATING SEGMENTS

Operating segments of the Company are defined as components for which separate financial information is available that is evaluated regularly in allocating resources and assessing performance.

(b) GEOGRAPHIC SEGMENTS

The following table demonstrates certain information contained in the consolidated statement of financial position segmented geographically as at December 31, 2019, with comparatives as at December 31, 2018:

	AS AT DECEMBER 31, 2019				
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	TOTAL
Property and equipment	$ 14,833	$ 5,112	$ 888	$ 787	$ 21,620
Intangible assets	8,356	1,035	229	-	9,620
Contract assets	28,901	14,325	3,808	16,351	63,385
Contract liabilities	26,913	8,263	3,559	2,652	41,387
Total assets	163,668	85,129	19,094	50,412	318,303
Right-of-use assets	40,024	19,039	2,582	1,745	63,390
Lease receivable	4,056	2,672	-	-	6,728
Total assets excluding the impact of IFRS 16 transition	119,588	63,418	16,512	48,667	248,185

	AS AT DECEMBER 31, 2018				
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	TOTAL
Property and equipment	$ 12,229	$ 3,734	$ 1,339	$ 782	$ 18,084
Intangible assets	6,169	1,572	348	-	8,089
Contract assets *(as adjusted)*	26,146	17,676	3,807	14,264	61,893
Contract liabilities	26,395	5,324	3,407	5,268	40,394
Total assets (as adjusted)	115,368	56,955	18,435	51,014	241,772

The following table demonstrates certain information contained in the consolidated statement of income and comprehensive income segmented geographically for the year ended December 31, 2019 and 2018. The unallocated amounts for the year ended December 31, 2019 and 2018 pertain to interest on convertible debentures, accretion expense on convertible debentures, amortization of deferred financing cost, long term debt interest, change in fair value of other financial liabilities, and change in fair value of deferred share units.

	YEAR ENDED DECEMBER 31, 2019					
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS[1]	TOTAL
Gross Revenues	$ 250,348	$ 144,165	$ 31,909	$ 34,036	$ -	$ 460,458
Less: subconsultants and direct expenses	29,477	37,090	4,778	12,260	-	83,605
Net revenue	$ 220,871	$ 107,075	$ 27,131	$ 21,776	$ -	$ 376,853
Adjusted EBITDA[2]	$ 32,458	$ 6,580	$ 341	$ 2,647	$ -	$ 42,026
Items excluded in calculation of Adjusted EBITDA[2]:						
Interest expense, net	2,494	1,259	164	114	8,395	12,426
Amortization and depreciation	9,749	7,189	1,790	970	-	19,698
Foreign exchange (gain) loss	194	(504)	(127)	1,715	-	1,278
Change in fair value of other financial liabilities	-	-	-	-	(1,152)	(1,152)
Change in fair value of deferred share units	-	-	-	-	567	567
Stock based compensation	790	55	9	43	-	897
Performance share units	599	-	-	-	-	599
Deferred financing charges	-	-	-	-	457	457
IFRS 16 lease accounting adjustment	(7,308)	(6,309)	(1,184)	(695)	-	(15,496)
Net income (loss) before tax	$ 25,940	$ 4,890	$ (311)	$ 500	$ (8,267)	$ 22,752

	YEAR ENDED DECEMBER 31, 2018					
	CANADA	UNITED STATES	UNITED KINGDOM	OTHER INTERNATIONAL	UNALLOCATED CORPORATE COSTS[1]	TOTAL
Gross Revenues	$ 244,826	$ 136,785	$ 33,355	$ 39,648	$ -	$ 454,614
Less: subconsultants and direct expenses	30,520	35,455	5,254	15,085	-	86,314
Net revenue	$ 214,306	$ 101,330	$ 28,101	$ 24,563	$ -	$ 368,300
Adjusted EBITDA[2]	$ 29,317	$ (639)	$ 1,031	$ 6,829	$ -	$ 36,538
Items excluded in calculation of Adjusted EBITDA[2]:						
Interest expense, net	(34)	4	32	128	10,809	10,939
Amortization and depreciation	3,280	1,665	862	203	-	6,010
Foreign exchange (gain) loss	(75)	821	112	2,332	-	3,190
Change in fair value of other financial liabilities	-	-	-	-	(9,017)	(9,017)
Change in fair value of deferred share units	-	-	-	-	(1,233)	(1,233)
Stock based compensation	1,089	78	10	45	-	1,222
Performance share units	147	-	-	-	-	147
Deferred financing charges	-	-	-	-	512	512
Change in onerous lease provision	(3,426)	-	-	-	-	(3,426)
Net income (loss) before tax	$ 28,336	$ (3,207)	$ 15	$ 4,121	$ (1,071)	$ 28,194

[1] Unallocated corporate costs represent costs not associated with a particular operating segment and are borne by the Company as a whole. These costs include interest on credit facility, interest and accretion on convertible debentures, the change in fair value on other financial liabilities, the change in fair value in deferred share units, and the amortization of deferred financing costs associated with the credit facilities.
[2] As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

(c) BUSINESS UNIT SEGMENTS

The following table demonstrates certain information contained in the consolidated statement of income and comprehensive income segmented by business unit for the year ended December 31, 2019 and 2018.

	YEAR ENDED DECEMBER 31, 2019				
(in thousands of Canadian dollars)	**INTELLIGENCE**	**BUILDINGS**	**INFRASTRUCTURE**	**CORPORATE**	**TOTAL**
Gross revenues	$ 87,908	$ 242,441	$ 129,470	$ 639	$ 460,458
Less: subconsultants and direct expenses	19,095	45,738	18,605	167	83,605
Net revenue	$ 68,813	$ 196,703	$ 110,865	$ 472	$ 376,853
Adjusted EBITDA[1]	$ 10,060	$ 31,140	$ 11,532	$ (10,706)	$ 42,026
Items excluded in calculation of Adjusted EBITDA[1]:					
Interest expense, net	651	1,911	1,195	8,669	12,426
Amortization and depreciation	3,663	9,546	5,637	852	19,698
Foreign exchange (gain) loss	995	(8)	301	(10)	1,278
Change in fair value of other financial liabilities	-	-	-	(1,152)	(1,152)
Change in fair value of deferred share units	-	-	-	567	567
Stock based compensation	120	103	187	487	897
Performance share units	-	-	-	599	599
Deferred financing charges	-	-	-	457	457
IFRS 16 lease accounting adjustment	(2,644)	(7,573)	(4,232)	(1,047)	(15,496)
Net income before tax	$ 7,275	$ 27,161	$ 8,444	$ (20,128)	$ 22,752

	YEAR ENDED DECEMBER 31, 2018				
(in thousands of Canadian dollars)	**INTELLIGENCE**	**BUILDINGS**	**INFRASTRUCTURE**	**CORPORATE**	**TOTAL**
Gross revenues	$ 83,649	$ 238,601	$ 131,579	$ 785	$ 454,614
Less: subconsultants and direct expenses	17,824	47,963	20,403	124	86,314
Net revenue	$ 65,825	$ 190,638	$ 111,176	$ 661	$ 368,300
Adjusted EBITDA[1]	$ 10,956	$ 24,972	$ 11,611	$ (11,001)	$ 36,538
Items excluded in calculation of Adjusted EBITDA[1]:					
Interest expense, net	90	21	21	10,807	10,939
Amortization and depreciation	1,003	3,018	1,751	238	6,010
Foreign exchange (gain) loss	1,678	729	757	26	3,190
Change in fair value of other financial liabilities	-	-	-	(9,017)	(9,017)
Change in fair value of deferred share units	-	-	-	(1,233)	(1,233)
Stock based compensation	180	167	338	537	1,222
Performance share units	-	-	-	147	147
Deferred financing charges	-	-	-	512	512
Onerous lease	-	-	-	(3,426)	(3,426)
Net income before tax	$ 8,005	$ 21,037	$ 8,744	$ (9,592)	$ 28,194

[1] As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

NOTE 6: FINANCIAL INSTRUMENTS

(a) INDEBTEDNESS

On September 27, 2018, IBI Group entered into an amended agreement on its credit facilities extending the maturity date to September 27, 2022, and increasing the swing line facility maximum available amount to $20,000. The total revolver facility remains unchanged at $130,000. As at December 31, 2019, the interest rate on Canadian dollar borrowings was 4.95% (December 31, 2018 – 4.95%) and 5.75% on U.S dollar borrowings (December 31, 2018 – 7.50%).

As at December 31, 2019, IBI Group has borrowings of $51,566 (December 31, 2018 - $77,159) under the credit facilities, which has been recorded on the balance sheet net of deferred financing costs of $1,238 (December 31, 2018 - $1,611). Included within the $51,566 borrowings, the Company has borrowed $10,000 USD (December 31, 2018 - $10,000 USD) under a swing line facility with a carrying value as at December 31, 2019 of $13,066 CAD (December 31, 2018 - $13,634).

As at December 31, 2019, IBI Group has letters of credit outstanding of $3,953 (December 31, 2018 - $4,681), of which $3,537 (December 31, 2018 - $4,428) is issued under a $30,000 facility which matures on June 30, 2020 and supports letters of credit back stopped by Export Development Canada. Advances under the revolver facility bear interest at a rate based on the Canadian dollar prime rate or U.S dollar base rate, LIBOR or Banker's Acceptance rates plus, in each case, an applicable margin. At December 31, 2019, $51,566 was outstanding under Bankers' Acceptance (December 31, 2018 - $74,834).

This facility is subject to compliance with certain financial, reporting and other covenants. The financial covenants under the agreement include a leverage ratio, interest coverage ratio, and restrictions on distributions, if certain conditions are not met. IBI Group was in compliance with its credit facility covenants as at December 31, 2019.

Continued compliance with the covenants under the amended credit facilities is dependent on IBI Group achieving revenue forecasts, continued profitability, executing contracts for clients and continued monitoring of working capital. Market conditions are difficult to predict and there is no assurance that IBI Group will achieve its forecasts. In the event of non-compliance, IBI Group's lenders have the right to demand repayment of the amounts outstanding under the lending agreements or pursue other remedies if IBI Group cannot reach an agreement with its lenders to amend or waive the financial covenants. As in the past, IBI Group will carefully monitor its compliance with the covenants and will seek waivers, subject to lender approval, as may become necessary from time to time.

As at December 31, 2019, IBI Group has surety bonds outstanding of $4,554 (December 31, 2018 - $nil), with Liberty Mutual Insurance. These bonds are security agreements necessary to backstop certain Intelligence projects in the U.S segment.

	AS AT	
	DECEMBER 31, 2019	**DECEMBER 31, 2018**
Balance at January 1	$ 75,548	$ 63,842
Draws on credit facilities	-	15,525
Payments on principal of credit facilities	(25,025)	(5,100)
Deferred financing capitalization	(84)	(314)
Amortization of deferred financing costs	457	512
Impact of foreign exchange	(568)	1,083
Ending Balance	$ 50,328	$ 75,548

(b) CONVERTIBLE DEBENTURES

	LIABILITY COMPONENT	OTHER FINANCIAL LIABILITY COMPONENT	TOTAL
5.5% Debentures (matures on December 31, 2021)			
Balance at December 31, 2018	$ 37,213	$ 3,994	$ 41,207
Accretion of 5.5% Debentures	2,555	-	2,555
Change in fair value of other financial liabilities	-	(1,152)	(1,152)
BALANCE, DECEMBER 31, 2019	$ 39,768	$ 2,842	$ 42,610

5.5% DEBENTURES ($46,000 PRINCIPAL, MATURES ON DECEMBER 31, 2021)

In September 2016, the Company issued 5.5% Debentures of $46,000 with a maturity date of December 31, 2021. The 5.5% Debentures are convertible into common shares of the Company at the option of the holder at a conversion price of $8.35 per common share. The 5.5% Debentures are not redeemable at the option of the Company before December 31, 2019. The 5.5% Debentures are redeemable by the Company at a price of $1,000 per 5.5% Debenture, plus accrued and unpaid interest, on or after December 31, 2019 and prior to December 31, 2020 (provided that the volume weighted average trading price of the shares of the Company on the TSX for the 20 consecutive trading days ending five trading days preceding the date on which notice of redemption is given, is not less than 125% of the conversion price of $8.35 per share). On or after December 31, 2020 and prior to the maturity date, the 5.5% Debentures are redeemable by the Company at a price of $1,000 per 5.5% Debenture, plus accrued and unpaid interest. The 5.5% Debentures bear at 5.5% per annum, payable in equal semi-annual payments in arrears on June 30th and December 31st of each year.

The 5.5% Debentures are recorded as a hybrid financial instrument. The non-derivative debt (interest and principal portion) was recorded at fair value on the date of issue and was recognized at $32,498 which was net of deferred financing costs of $2,594, estimated using discounted future cash flows at an estimated discount rate discount rate of 11.5%. Subsequently the non-derivative debt component is measured at amortized cost using the effective interest method over the life of the debenture.

The derivative component of this hybrid financial instrument representing the conversion feature of the 5.5% Debentures was measured at fair value of $10,908 at the date of issuance, and recorded as part of other financial liabilities in the consolidated statement of financial position. This conversion feature is unique to this issuance of convertible debt given IBI has the right to settle any request to convert debentures to IBI shares by the Debenture holders for an equivalent amount of cash. As at December 31, 2019, the fair value of the derivative component was $2,842 (December 31, 2018 - $3,994). The movement in fair value is impacted by several factors which include IBI share price, the Canadian risk free rate and IBI's credit risk.

The fair value of the convertible debentures as at December 31, 2019, based on a Level 1 quoted market price, is as follows:

	Carrying Value	**Fair Value**
5.5% Debentures	$ 39,768	$ 46,598
BALANCE, DECEMBER 31, 2019	$ 39,768	$ 46,598

The fair value of the convertible debentures as at December 31, 2018, based on a Level 1 quoted market price, is as follows:

	Carrying Value	**Fair Value**
5.5% Debentures	$ 37,213	$ 45,995
BALANCE, DECEMBER 31, 2018	$ 37,213	$ 45,995

(c) FINANCIAL ASSETS AND LIABILITIES

The fair values of accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to their short-term maturity. The fair value of the credit facilities approximate its carrying amount due to the variable rate of interest.

The carrying amount of the Company's financial instruments as at December 31, 2019 are as follows:

	FINANCIAL ASSETS AND LIABILITIES AT FVTPL	AMORTIZED COST	TOTAL
FINANCIAL ASSETS			
Cash	$ 15,628	$ -	$ 15,628
Restricted cash	3,047	-	3,047
Accounts receivable	-	109,581	109,581
Investment	199	-	199
TOTAL	$ 18,874	$ 109,581	$ 128,455
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	$ -	$ 42,471	$ 42,471
Deferred share plan liability	2,709	-	2,709
Credit facilities	-	50,328	50,328
Convertible debentures	-	39,768	39,768
Other financial liabilities	2,842	-	2,842
Deferred consideration	1,731	-	1,731
TOTAL	$ 7,282	$ 132,567	$ 139,849

The carrying amount of the Company's financial instruments as at December 31, 2018 are as follows:

	FINANCIAL ASSETS AND LIABILITIES AT FVTPL	AMORTIZED COST	TOTAL
FINANCIAL ASSETS			
Cash	$ 9,460	$ -	$ 9,460
Restricted cash	3,190	-	3,190
Accounts receivable	-	114,796	114,796
TOTAL	$ 12,650	$ 114,796	$ 127,446
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities	$ -	$ 37,990	$ 37,990
Deferred share plan liability	1,681	-	1,681
Credit facilities	-	75,548	75,548
Convertible debentures	-	37,213	37,213
Other financial liabilities	3,994	-	3,994
TOTAL	$ 5,675	$ 150,751	$ 156,426

The following tables summarize the Company's fair value hierarchy for those assets and liabilities that are measured at fair value on a recurring basis as at December 31, 2019 and December 31, 2018:

	AS AT DECEMBER 31, 2019		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
Cash	$ 15,628	$ -	$ -
Restricted cash	-	3,047	-
Investment	-	-	199
Deferred share plan liability	-	(2,709)	-
Other Financial Liabilities	-	(2,842)	-
Deferred consideration	-	-	1,731
	$ 15,628	$ (2,504)	$ 1,930

	AS AT DECEMBER 31, 2018		
	LEVEL 1	**LEVEL 2**	**LEVEL 3**
Cash	$ 9,460	$ -	$ -
Restricted cash	-	3,190	-
Deferred share plan liability	-	(1,681)	-
Other Financial Liabilities	-	(3,994)	-
	$ 9,460	$ (2,485)	$ -

NOTE 7: PROPERTY AND EQUIPMENT

The following table presents the Company's property and equipment as at December 31, 2019 and 2018:

	OFFICE FURNITURE AND EQUIPMENT	COMPUTER EQUIPMENT	VEHICLES	LEASEHOLDS	TOTAL
COST					
January 1, 2018	$ 11,954	$ 18,529	$ 426	$ 15,793	$ 46,702
Additions	1,058	2,010	-	3,878	6,946
Disposals	(9)	-	-	-	(9)
Write off of fully amortized assets	(316)	(3,705)	-	(1,230)	(5,251)
Foreign currency translation loss	397	425	11	187	1,020
December 31, 2018	$ 13,084	$ 17,259	$ 437	$ 18,628	$ 49,408
Additions	1,417	1,447	-	6,088	8,952
Disposals	(46)	-	-	-	(46)
Write off of fully amortized assets	-	-	-	-	-
Foreign currency translation gain / (loss)	(247)	(214)	(8)	(124)	(593)
DECEMBER 31, 2019	$ 14,208	$ 18,492	$ 429	$ 24,592	$ 57,721

	OFFICE FURNITURE AND EQUIPMENT	COMPUTER EQUIPMENT	VEHICLES	LEASEHOLDS	TOTAL
ACCUMULATED DEPRECIATION					
January 1, 2018	$ 7,524	$ 16,445	$ 238	$ 7,143	$ 31,350
Depreciation	1,083	1,669	86	1,698	4,536
Disposals	-	-	-	-	-
Write off of fully amortized assets	(316)	(3,705)	-	(1,230)	(5,251)
Foreign currency translation (gain)	236	368	8	77	689
December 31, 2018	$ 8,527	$ 14,777	$ 332	$ 7,688	$ 31,324
Depreciation	1,022	1,843	63	2,213	5,141
Disposals	-	-	-	-	-
Write off of fully amortized assets	-	-	-	-	-
Foreign currency translation loss / (gain)	(147)	(172)	(6)	(39)	(364)
DECEMBER 31, 2019	$ 9,402	$ 16,448	$ 389	$ 9,862	$ 36,101
NET CARRYING AMOUNT					
DECEMBER 31, 2018	$ 4,557	$ 2,482	$ 105	$ 10,940	$ 18,084
DECEMBER 31, 2019	$ 4,806	$ 2,044	$ 40	$ 14,730	$ 21,620

Loss on disposal of property and equipment of $46 as at December 31, 2019 (December 31, 2018 - $9) is reflected in other operating expenses on the Statement of Comprehensive Income.

Additions to leasehold improvements as at December 31, 2019 of $6,088 related to renovations on new office spaces. The Company was reimbursed by the landlords for $5,047 of these expenses as part of the tenant inducement clauses in the lease agreements. The receipt of these funds are included as part of the IFRS 16 net payment of lease liabilities in the financing section of the cash flow statement.

NOTE 8: INTANGIBLE ASSETS

The following table presents the Company's intangible assets as at December 31, 2019 and 2018:

	ERP SYSTEMS	CLIENT RELATIONSHIPS	INTERNALLY GENERATED PRODUCTS	TOTAL
COST				
Balance at January 1, 2018	$ 6,162	$ 4,786	$ 804	$ 11,752
Additions	624	450	701	1,775
Foreign exchange translation gain	-	356	-	356
December 31, 2018	$ 6,786	$ 5,592	$ 1,505	$ 13,883
Additions	382	2,247	1,017	3,646
Foreign exchange translation loss	-	(185)	-	(185)
DECEMBER 31, 2019	$ 7,168	$ 7,654	$ 2,522	$ 17,344

	ERP SYSTEMS	CLIENT RELATIONSHIPS	INTERNALLY GENERATED PRODUCTS	TOTAL
ACCUMULATED AMORTIZATION				
Balance at January 1, 2018	$ 877	$ 2,423	$ 813	$ 4,113
Amortization	651	683	140	1,474
Foreign exchange translation gain	-	207	-	207
December 31, 2018	$ 1,528	$ 3,313	$ 953	$ 5,794
Amortization	852	892	307	2,051
Foreign exchange translation gain	-	(121)	-	(121)
DECEMBER 31, 2019	$ 2,380	$ 4,084	$ 1,260	$ 7,724
NET CARRYING AMOUNT				
DECEMBER 31, 2018	$ 5,258	$ 2,279	$ 552	$ 8,089
DECEMBER 31, 2019	$ 4,788	$ 3,570	$ 1,262	$ 9,620

Additions to client relationships as at December 31, 2019 related to the acquisition of Aspyr Engineering Ltd ("Aspyr"). Refer to Note 17 – Acquisitions for further detail.

NOTE 9: INCOME TAXES

The major components of income tax expense includes the following:

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
CURRENT TAX EXPENSE		
Current period	$ 4,251	$ 1,405
Provision to file / withholding taxes	(37)	176
	4,214	1,581
DEFERRED TAX EXPENSE / (RECOVERY)		
Origination and reversal of temporary differences	3,299	5,190
Change in tax rates	(80)	(69)
Adjustment for prior periods	(133)	93
Change in unrecognized deductible temporary differences	(1,397)	908
	1,689	6,122
TOTAL TAX EXPENSE / (RECOVERY)	$ 5,903	$ 7,703

The provision for income taxes in the consolidated statement of comprehensive income represents an effective tax rate different than the Canadian enacted or substantively enacted statutory rate of approximately 26.5% (December 31, 2018 – 26.5%). The differences are as follows:

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Net income	$ 16,849	$ 20,491
Total tax expense / (recovery)	5,903	7,703
Net income before tax	$ 22,752	$ 28,194
Income tax using the Company's domestic tax rate	$ 6,029	$ 7,471
Income tax effect of:		
Non-deductible expenses	1,847	1,265
Change in deferred tax rates	(80)	(69)
(Gain) / Loss on financial derivative	(256)	(2,027)
Operating in jurisdictions with different tax rates	(88)	(32)
Change in unrecognized temporary differences	(1,398)	908
Prior period adjustments to current tax	99	87
Prior period adjustments to deferred tax	(133)	93
Withholding taxes	(136)	13
Other	19	(6)
INCOME TAX EXPENSE / (RECOVERY)	$ 5,903	$ 7,703

The applicable tax rate is the aggregate of the Canadian Federal income tax rate of 15% (2018 – 15%) and the Provincial income tax rate of 11.5% (2018 – 11.5%).

UNRECOGNIZED DEFERRED TAX LIABILITIES

As at December 31, 2019 taxable temporary differences related to the investment in subsidiaries were not recognized because the Company controls the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

UNRECOGNIZED DEFERRED TAX ASSETS

Deferred tax assets have not been recognized in respect of the following gross temporary differences:

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Deductible temporary differences	$ 7,284	$ 7,358
Tax losses – Federal	1,706	8,948
Tax losses – State	39,419	41,136
	$ 48,409	$ 57,442

The tax effected amount of unrecognized gross temporary differences is as follows:

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Deductible temporary differences	$ 1,930	$ 2,134
Tax losses – Federal	347	1,883
Tax losses – State	2,244	2,351
	$ 4,521	$ 6,368

Deferred tax assets are recognized for operating loss carry forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. As at December 31, 2019, the Company's affiliated entities have $22,335 of Federal and $39,419 of U.S State operating loss carry forwards (December 31, 2018 - $32,356 and $41,136 respectively) available for income tax purposes, which expire in the years 2023 through 2038. The ability of the Company to realize the tax benefits of the loss carry forwards is contingent on many factors, including the ability to generate future taxable profits in the jurisdictions in which the tax losses arose.

The Company regularly assesses the status of open tax examinations and its historical tax filing positions for the potential for adverse outcomes to determine the adequacy of the provision for income and other taxes. The Company believes that it has adequately provided for any tax adjustments that are more likely than not to occur as a result of ongoing tax examinations or historical filing positions.

The tax effect of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases that give rise to significant portions of the deferred tax assets at December 31, 2019 and December 2018 are presented below.

RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following:

	YEAR ENDED DECEMBER 31, 2019		
	ASSETS	**LIABILITIES**	**TOTAL**
Property and equipment	$ 757	$ (1,737)	$ (980)
Non-capital loss	4,262	-	$ 4,262
Reserves	1,061	(2,484)	$ (1,423)
Financing costs	-	(321)	$ (321)
Intangible assets	2,709	(110)	$ 2,599
IFRS 16 lease receivable and lease liabilities	217	-	$ 217
Other	242	(50)	$ 192
	$ 9,248	$ (4,702)	$ 4,546

	YEAR ENDED DECEMBER 31, 2018		
	ASSETS	**LIABILITIES**	**TOTAL**
Property and equipment	$ 825	$ (1,230)	$ (405)
Non-capital loss	5,014	-	5,014
Reserves	1,110	(3,949)	(2,839)
Financing costs	-	(181)	(181)
Intangible assets	2,902	(97)	2,805
Other	328	(39)	289
	$ 10,179	$ (5,496)	$ 4,683

NOTE 10: RELATED PARTY TRANSACTIONS

Pursuant to the Administration Agreement, IBI Group and certain of its subsidiaries are paying to the Management Partnership an amount representing the base compensation for the services of the partners of the Management Partnership. The amount paid for such services during the year ended December 31, 2019 was $14,680 (year ended December 31, 2018 - $15,676). As at December 31, 2019, there were 46 partners (December 31, 2018 – 49 partners). As at December 31, 2019, the amount payable to the Management Partnership was $nil (December 31, 2018 - $233).

IBI Group from time to time makes a monthly distribution to each Class B partnership unit holder equal to the dividend per share (on a pre-tax basis) declared to each shareholder. All of the Class B partnership units are held by the Management Partnership.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Company's key management personnel are comprised of members of the executive team, to the extent that they have the authority and responsibility for planning, directing and controlling the day-to-day activities of the Company. The Company also provides compensation to the members of the Board of Directors.

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Directors fees, salaries and other short-term employee benefits	$ 4,449	$ 3,999
Share–based compensation	1,589	1,372
Total compensation	$ 6,038	$ 5,371

NOTE 11: EQUITY

(a) SHAREHOLDERS' EQUITY

The Company is authorized to issue an unlimited number of common shares. As at December 31, 2019, the Company's common share capital consisted of 31,240,044 shares issued and outstanding (December 31, 2018 – 31,220,877 shares).

Each share entitles the holder to one vote at all meetings of shareholders.

The 6,282,222 Class B partnership units of IBI Group are indirectly exchangeable for common shares of the Company on the basis of one share of the Company for each Class B partnership unit. If all such Class B partnership units of IBI Group had been exchanged for shares on December 31, 2019, the units issued on such exchange would have represented a 16.74% interest in the Company.

Class B partnership units do not entitle the holder to voting rights at the meetings of shareholders, although the holder also holds an equal number of non-participating voting shares in the Company. The Class B partnership units have been recorded as a non-controlling interest in these consolidated financial statements as at December 31, 2019.

SHARE ISSUANCES

During the year ended December 31, 2019, the Company issued 19,167 common shares as a result of exercises of stock options granted in January 2016.

EARNINGS PER SHARE

For the purposes of calculating diluted earnings per share, any impact of the convertible rights on the convertible debentures are not included in the calculation of net income per common share or weighted average number of common shares outstanding as they would be anti-dilutive.

For the purposes of calculating diluted earnings per share, any impact of the stock options are included in the calculation of net income per common share or weighted average number of common shares outstanding.

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Net income	$ 16,849	$ 20,491
Net income attributable to common shareholders	$ 14,028	$ 17,059
Weighted average common shares outstanding	31,229	31,218
Dilutive effect of Class B partnership units	6,282	6,282
Dilutive effect of stock options granted	258	503
Diluted weighted average common shares outstanding	37,769	38,003
Basic earnings per common share	$ 0.45	$ 0.55
Diluted earnings per common share	$ 0.45	$ 0.54

(b) NON-CONTROLLING INTEREST

Non-controlling interest in the Company's subsidiaries is exchangeable into the common shares of the Company on a one for one basis, subject to certain conditions. The movement in non-controlling interest is shown in the consolidated statement of changes in equity (deficit) for the three months ended December 31, 2019.

The calculation of net income and total comprehensive income attributable to non-controlling interest is set out below:

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Net income	$ 16,849	$ 20,491
Non-controlling interest share of ownership	16.74%	16.75%
Net income attributable to non-controlling interest	$ 2,821	$ 3,432

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Total comprehensive income	$ 12,730	$ 26,778
Non-controlling interest share of ownership	16.74%	16.75%
Total comprehensive income attributable to non-controlling interest	$ 2,131	$ 4,485

NOTE 12: FINANCIAL RISK MANAGEMENT

The Company has exposure to market, credit and liquidity risk. The Company's primary risk management objective is to protect the Company's consolidated statement of financial position, income and comprehensive income and cash flow in support of sustainable growth and earnings. The Company's financial risk management activities are governed by financial policies that cover risk identification, tolerance, measurement, authorization levels, and reporting.

(a) MARKET RISK

INTEREST RATE RISK

The Company's credit facilities have floating-rate debt, which subjects it to interest rate cash flow risk. Advances under these credit facilities bear interest at a rate based on the Canadian dollar or U.S dollar prime rate, LIBOR or banker's acceptance rates, plus, in each case, an applicable margin.

If the interest rate on the Company's variable rate loan balance as at December 31, 2019, had been 50 basis points higher or lower, with all other variables held constant, net income for the year ended December 31, 2019 would have decreased or increased by approximately $190.

CURRENCY RISK

The Company's foreign exchange risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Company's policy has been to economically hedge foreign exchange exposures rather than purchasing currency swaps and forward foreign exchange contracts.

Foreign exchange gains or losses in the Company's net income arise on the translation of foreign-denominated intercompany loans held in the Company's Canadian operations and financial assets and liabilities held in the Company's foreign operations. The Company minimizes its exposure to foreign exchange fluctuations on these items by matching U.S dollar liabilities when possible.

If the exchange rates had been 100 basis points higher or lower as at December 31, 2019, with all other variables held constant, total comprehensive income would have increased or decreased by $55 for the year ended December 31, 2019. If the exchange rates had been 100 basis points higher or lower as at December 31, 2019, with all other variables held constant, net income would have increased or decreased by $6 for the year ended December 31, 2019.

(b) CREDIT RISK

Financial instruments that subject the Company to credit risk consist primarily of accounts receivable. The Company maintains an allowance for estimated credit losses on accounts receivable. The estimate is based on the best assessment of the ultimate collection of the related accounts receivable balance based, in part, on the age of the outstanding accounts receivable and on its historical impairment loss experience.

The Company provides services to diverse clients in various industries and sectors of the economy, and its credit risk is not concentrated in any particular client, industry, economic or geographic sector. In addition, management reviews accounts receivable past due on an ongoing basis with the objective of

identifying matters that could potentially delay the collection of funds (at an early stage). The Company monitors accounts receivable with an internal target of working days of revenue in accounts receivable (a non-IFRS measure). At December 31, 2019 there were 63 working days of revenue in accounts receivable, which remained unchanged from December 31, 2018. The maximum exposure to credit risk, at the date of the consolidated statement of financial position to recognized financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position.

A significant portion of the accounts receivable are due from government and public institutions. The liquidity of customers and their ability to pay receivables are considered in assessing the impairment of such assets. No collateral is held in respect of impaired assets or assets that are past due but not impaired.

The aging of the accounts receivable are detailed below:

	AS AT	
	DECEMBER 31, 2019	**DECEMBER 31, 2018**
Current	$ 43,838	$ 40,327
30 to 90 days	36,642	40,451
Over 90 days	33,166	44,166
Gross accounts receivable	113,646	124,944
Allowance for impairment losses	(4,065)	(10,148)
Total	$ 109,581	$ 114,796

Changes in the allowance for impairment losses were as follows:

	AS AT	
	DECEMBER 31, 2019	**DECEMBER 31, 2018**
Balance at beginning of year	$ (10,148)	$ (8,970)
Provision for doubtful accounts	(2,375)	(1,247)
Amounts written-off	8,236	559
Effect of foreign currency exchange rate changes	222	(490)
Total	$ (4,065)	$ (10,148)

Impairment loss provision of contract assets is determined by applying a weighted average loss rate based on the Company's historical experience and informed credit assessment. The weighted average loss rate as at December 31, 2019 was 2.04% on contract assets for impairment loss of $1,323 (December 31, 2018 – loss rate of 1.74% and impairment loss of $1,098).

The Company, upon entering in a contract as the lessor assesses the credit risk of the lease receivable balance at the inception of the contract. The impact of the credit risk is included as part of the discount rate upon recording the asset on the statement of financial position. The Company assesses the asset for changes in the credit risk at each reporting period, with the impact of any gains and losses recognized on the statement of financial position. For the year ended December 31, 2019, no changes in credit risk were identified.

(c) LIQUIDITY RISK

The Company strives to maintain sufficient financial liquidity to withstand sudden adverse changes in economic circumstances. Management forecasts cash flows for its current and subsequent fiscal years to identify financing requirements. These requirements are then addressed through a combination of committed credit facilities (as described in Note 6 – Financial Instruments) and access to capital markets.

On September 27, 2018, IBI Group signed an amendment to refinance its credit facilities with its senior lenders. (refer to Note 5 – Financial Instruments).

As at December 31, 2019, a foreign subsidiary of the Company issued letters of credit in the amount of U.S $2,300, which is equal to CAD $3,047 (December 31, 2018 – CAD $3,190). The Company has pledged U.S $2,300 (December 31, 2018 – U.S $2,300) of cash as security for these letters of credit issued by a foreign financial institution on behalf of the foreign subsidiary.

As at December 31, 2019, the Company has letters of credit outstanding of $3,953 (December 31, 2018 - $4,681), of which $416 (December 31, 2018 - $253) are outstanding with foreign institutions with the remaining $3,537 (December 31, 2018 - $4,681) being issued under a $30,000 facility which matures on June 30, 2020 and supports letters of credit back stopped by Export Development Canada.

As at December 31, 2019, IBI Group has surety bonds outstanding of $4,554 (December 31, 2018 - $nil), with Liberty Mutual Insurance. These bonds are security agreements necessary to backstop certain Intelligence projects in the U.S segment.

The company has the following contractual obligations as at December 31, 2019:

	YEAR ENDED DECEMBER 31, 2019				
	CARRYING AMOUNT	**2020**	**2021 AND 2022**	**2023 AND 2024**	**2025 AND BEYOND**
Accounts payable and accrued liabilities	$ 45,180	$ 45,180	$ -	$ -	$ -
Credit facilities	50,328	-	51,566	-	-
Interest on credit facilities	-	2,657	4,623	-	-
Convertible debentures	39,768	-	46,000	-	-
Interest on convertible debentures	-	2,530	2,530	-	-
Lease liabilities	80,047	16,653	31,179	20,135	27,146
Total obligations	$ 215,323	$ 67,020	$ 135,898	$ 20,135	$ 27,146

(d) CAPITAL MANAGEMENT

The Company's objective in managing capital is to maintain a strong capital base so as to maintain investor, creditor, and market confidence and to sustain future growth within the business. The Company defines its capital as the aggregate of credit facilities, convertible debentures and equity.

The Company's financing strategy is to access capital markets to raise debt and equity financing and utilize the banking market to provide committed term and operating credit facilities to support its short-term and long-term cash flow needs.

The Company has used the credit facilities to fund working capital. The credit facilities contain financial covenants including a leverage ratio, interest coverage ratio, minimum Adjusted EBITDA[1] threshold, and restrictions on distributions, if certain conditions are not met. The Company was in compliance with the credit facility covenants as at December 31, 2019.

(e) FAIR VALUE MEASUREMENTS

The fair values of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, and finance lease obligation approximate their carrying amounts due to their short-term maturity.

The fair value of the Company's credit facilities (net of deferred financing costs) approximate carrying value due to the variable rate of interest of the debt.

IFRS 7 *Financial Instruments – Disclosures*, requires disclosure of all financial instruments at fair value other than short term and carried at amortized cost, grouped in Levels 1 to 3, in the fair value hierarchy, based on the degree to which the fair value is observable. The three levels of the fair value hierarchy are:

- Level 1 – inputs derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – fair value derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For financial instruments recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period. There were no transfers between Level 1 and Level 2 for the years ended December 31, 2019 and December 31, 2018.

[1] As defined in the credit facilities agreement, references to "Adjusted EBITDA" is to earnings before interest, income taxes, depreciation and amortization; adjusted for gain/loss arising from extraordinary, unusual or non-recurring items; acquisition costs and deferred consideration revenue; non-cash expenses; gain/loss realized upon the disposal of capital property; gain/loss on foreign exchange translation; gain/loss on purchase or redemption of securities issued; gain/loss on fair valuation of financial instruments; amounts attributable to minority equity investments; IFRS lease accounting adjustments; and interest income. Adjusted EBITDA is not a recognized measure under IFRS and does not have a standardized meaning prescribed by IFRS, and the Company's method of calculating Adjusted EBITDA may differ from the methods used by other similar entities.

NOTE 13: CHANGE IN NON-CASH OPERATING WORKING CAPITAL

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Accounts receivable	$ 959	$ (5,931)
Contract assets	(3,122)	(2,554)
Prepaid expenses and other assets	(263)	1,884
Accounts payable and accrued liabilities	6,632	(10,977)
Contract liabilities	1,477	(4,140)
Net income taxes payable	2,574	2,584
Change in non-cash operating working capital	$ 8,257	$ (19,134)

NOTE 14: COMMITMENTS

The following table represents the minimum annual future lease payments (excluding common are maintenance and property taxes), in aggregate, that the Company is required to make under existing lease agreements that are excluded from IFRS 16 due to either being low in value or short term.

2020	$ 3,364
2021	$ 2,739
2022	$ 1,371
2023	$ 49
2024	$ 40
Thereafter	$ 64

NOTE 15: FINANCE COSTS

	YEAR ENDED DECEMBER 31,	
	2019	**2018**
Interest on credit facilities	$ 3,310	$ 2,785
Interest on convertible debentures	2,530	3,295
Non-cash accretion of convertible debentures	2,555	4,811
Interest on lease liability	4,264	-
Interest on lease receivable	(356)	-
Other	123	48
INTEREST EXPENSE	$ 12,426	$ 10,939
Amortization of deferred financing costs	$ 457	$ 512
Other	415	621
OTHER FINANCE COSTS	$ 872	$ 1,133
FINANCE COSTS	$ 13,298	$ 12,072

NOTE 16: CONTINGENCIES

(a) LEGAL MATTERS

In the normal course of business, the Company is a defendant in a number of lawsuits. The potential liability, if any, is not determinable and in management's opinion, it would not have a material effect on these consolidated financial statements, therefore no provisions have been recorded. During the quarter, the Company recognized income related to the settlement of historical litigations.

(b) INDEMNIFICATIONS

The Company provides indemnifications and, in very limited circumstances, bonds, which are often standard contractual terms, to counterparties in transactions such as purchase and sale contracts for assets or shares, service agreements, and leasing transactions. The Company also indemnifies its directors and officers against any and all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law. These indemnifications may require the Company to compensate the counterparty for costs incurred as a result of various events, including changes in or in the interpretation of laws and regulations, or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnifications will vary based upon the contract, the nature of which prevents the Company from making a reasonable estimate of the maximum potential amount that it could be required to pay to counterparties. The Company carries liability insurance, subject to certain deductibles and policy limits that provides protection against certain insurable indemnifications. Historically, the Company has not made any significant payments under such indemnifications, and no provisions have been accrued in the accompanying consolidated financial statements with respect to these indemnifications as it is not probable that there will be an outflow of resources.

NOTE 17: ACQUISITIONS

On September 1, 2019, the Company entered into an asset purchase agreement to purchase various fixed assets, intellectual property, and customer contracts from Aspyr Engineering Ltd ("Aspyr"). The agreement provides for additional consideration to be paid dependent upon the achievement of certain future performance metrics of the business on the anniversary of the closing date for each of the next three anniversary dates. This acquisition has been recorded as a business combination in accordance with IFRS 3 Business Combinations. The total purchase price at acquisition was $2,276, of which $545 was paid in cash at the time of closing. In addition to the assets purchased, IBI has assumed the office lease of Aspyr, out of which operations will continue. The lease has been recorded in accordance with IFRS 16 - Leases. No working capital or any other liabilities were assumed.

NOTE 18: INVESTMENTS

On November 8, 2019, the Company invested $199 ($150 USD) in Switch Energy Inc. in exchange rights in future equity. The Company has also agreed to invest an additional $100 USD in 2020 upon completion of certain milestones by the investee. Changes in the fair value of the investment will be recognized through profit and loss. As at December 31, 2019, the Company has assessed that there is no change to the fair value of the investment.

NOTE 19: DEFERRED SHARE PLAN

The Company offers a deferred share plan ("DSP") for independent members of the Board of Directors ("Board"). Under the DSP, directors of the Company may elect to allocate all or a portion of their annual compensation in the form of deferred shares rather than cash. These shares are fully vested upon issuance and are recorded as a financial liability at FVTPL in the consolidated statement of financial position amounting to $2,709 (December 31, 2018 - $1,680). Directors can only redeem their DSPs for shares when they leave the Board.

During the year ended December 31, 2019, the Company granted 81,608 deferred shares (December 31, 2018 – 98,792) and redeemed nil deferred shares (December 31, 2018 – 62,697), for a total of 467,106 deferred shares outstanding as at December 31, 2019 (December 31, 2018 – 385,498). Compensation expense for the year ended December 31, 2019 related to the deferred shares was an expense of $1,028 (December 31, 2018 – an expense reversal of $647). There is no unrecognized compensation expense related to deferred shares, since these awards vest immediately when granted.

The table below shows the DSP transactions for the year ended December 31, 2019:

	DEFERRED SHARES	FAIR VALUE
Balance, January 1, 2019	385,498	$ 1,681
Deferred shares issued	81,608	461
Change in fair value due to share price	-	567
BALANCE, DECEMBER 31, 2019	467,106	2,709

The table below shows the DSP transactions for the year ended December 31, 2018:

	DEFERRED SHARES	FAIR VALUE
Balance, January 1, 2018	349,403	$ 2,848
Deferred shares issued	98,792	586
Deferred shares redeemed	(62,697)	(520)
Change in fair value due to share price	-	(1,233)
BALANCE, DECEMBER 31, 2018	385,498	$ 1,681

NOTE 20: SHARE-BASED COMPENSATION

EQUITY SETTLED TRANSACTIONS

Stock Options

The Company has an equity-settled stock option plan. The grant-date fair value of the stock options is recognized as salaries, fees and employee expenses, with a corresponding increase to capital reserve over the vesting period of the stock options. Market conditions are reflected in the initial measurement of fair-value, with no subsequent true-up for differences between expected and actual outcomes.

Under the terms of the Company's stock option plan, the options vest evenly over a three year period on each of the first, second and third anniversary dates of the grant, and expire on the tenth anniversary of the date of the grant, and are measured using the Black-Scholes model.

The following inputs were used in the measurement of the fair values at the grant date of the options:

Grant date	Options issued	Fair value at grant date	Share price at grant date	Exercise price	Expected volatility (weighted average)	Expected life (weighted average)	Expected dividends	Risk-free interest rate
January 15, 2016	535,000	$ 1.14 - 1.17	$ 2.13	$ 2.33	60.2 - 64.2%	5.5 - 6.5 years	0%	0.64 - 0.81%
May 25, 2016	99,213	$ 2.63 - 6.67	$ 4.53	$ 4.49	62.3 - 66.9%	5.5 - 6.5 years	0%	0.86 - 0.99%
May 12, 2017	69,107	$ 4.31 - 4.39	$ 7.30	$ 7.01	62.8 - 67.1%	5.5 - 6.5 years	0%	1.07 - 1.20%
July 17, 2017	316,500	$ 3.88 - 3.97	$ 6.63	$ 6.63	62.8 - 67.0%	5.5 - 6.5 years	0%	1.55 - 1.64%
August 9, 2017	77,315	$ 3.97 - 4.05	$ 6.77	$ 6.79	62.8 - 67.0%	5.5 - 6.5 years	0%	1.57 - 1.66%
March 20, 2018	71,942	$ 4.26 - 4.37	$ 7.24	$ 7.24	62.7 - 66.6%	5.5 - 6.5 years	0%	2.00 - 2.03%
May 9, 2018	69,500	$ 4.56 - 4.66	$ 7.65	$ 7.49	62.4 - 66.6%	5.5 - 6.5 years	0%	2.22 - 2.26%
March 6, 2019	156,464	$ 2.47 - 2.70	$ 4.41	$ 4.49	61.2 - 63.7%	5.5 - 6.5 years	0%	1.70 - 1.72%
May 9, 2019	90,500	$ 2.68 - 2.97	$ 4.96	$ 4.98	60.3 - 63.1%	5.5 - 6.5 years	0%	1.56 - 1.59%

Expected volatility is based on an evaluation of the historical volatility of the Company's share price over the historical period commensurate with the expected term. The expected term of the instruments has been based on general option-holder behavior.

For the year ended December 31, 2019, the Company has recognized an expense of $897 (year ended December 31, 2018 - $1,222) in salaries, fees and employee benefits for stock options in the consolidated statement of income and comprehensive income.

The following stock option arrangements were in existence as at December 31, 2019:

Grant date	Expiry date	Options issued	Options exercised	Options cancelled/ forfeited	Options outstanding	Options exercisable	Exercise price	Fair value at grant date
15-Jan-16	15-Jan-26	535,000	24,167	22,500	488,333	488,333	$ 2.33	$ 618,816
25-May-16	25-May-26	99,213	-	-	99,213	99,213	$ 4.49	$ 262,253
16-May-17	16-May-27	69,107	-	-	69,107	46,071	$ 7.01	$ 300,846
17-Jul-17	17-Jul-27	316,500	-	7,334	309,166	206,111	$ 6.63	$ 1,245,954
9-Aug-17	9-Aug-27	77,315	-	-	77,315	51,543	$ 6.79	$ 310,550
20-Mar-18	20-Mar-28	71,942	-	-	71,942	23,981	$ 7.24	$ 310,550
9-May-18	9-May-28	69,500	-	-	69,500	23,167	$ 7.49	$ 320,627
6-Mar-19	6-Mar-29	156,464	-	-	156,464	-	$ 4.49	$ 406,650
9-May-19	9-May-29	90,500	-	-	90,500	-	$ 4.98	$ 257,110
		1,485,541	24,167	29,834	1,431,540	938,419	$ 4.78	4,033,356

Performance share units

On August 9, 2017, the Company adopted a PSU plan for senior executives. Under that plan, the Board of Directors may grant PSUs to participants which entitles them to receive one common share for each PSU. The vesting and performance conditions are determined by the Board of Directors at the time of each grant.

The Company has recognized for the year ended December 31, 2019 an expense of $599 (year ended December 31, 2018 – $147) in salaries, fees and employee benefits for PSUs in the consolidated statement of income and comprehensive income.