ENTERPRISE
GROUP, INC.

Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

National Instrument 51-102
Continuous Disclosure Obligations
Notice

Pursuant to Part 4.3 (3) of National Instrument 51-102, these unaudited condensed interim consolidated financial statements of Enterprise Group, Inc. for the three months ended March 31, 2019, have not been reviewed by the Company's external auditors.

Condensed Interim Consolidated Statements of Financial Position

		March 31, 2019 (unaudited)		December 31, 2018 (audited)
Assets				
Cash and cash equivalents (note 4)	**$**	**891,996**	$	869,912
Trade and other receivables (note 4)		**7,497,969**		5,523,703
Unbilled revenue		**737,403**		724,794
Inventories		**210,749**		228,703
Deposits and prepaid expenses		**200,063**		180,413
		9,538,180		7,527,525
Property, plant and equipment (note 5)		**48,881,850**		48,631,116
Intangible assets		**123,174**		141,651
Deferred tax assets		**4,205,516**		3,828,707
		53,210,540		52,601,474
Total assets	**$**	**62,748,720**	$	60,128,999
Liabilities				
Trade and other payables (note 4)	**$**	**1,884,574**	$	1,833,821
Current portion of loans and borrowings (note 7)		**1,026,357**		407,875
		2,910,931		2,241,696
Long term portion of loans and borrowings (note 7)				
Bank loan facility		**7,556,580**		7,186,998
Leases		**844,106**		296,244
Mortgage		**931,217**		954,834
Deferred tax liabilities		**4,205,516**		3,828,707
Total liabilities		**16,448,350**		14,508,479
Equity				
Share capital (note 8)		**79,127,288**		79,204,845
Contributed surplus		**7,163,452**		7,099,031
Deficit		**(39,990,370)**		(40,683,356)
Total equity		**46,300,370**		45,620,520
Total equity and liabilities	**$**	**62,748,720**	$	60,128,999

Approved on behalf of the Board:

(Signed) "Leonard D. Jaroszuk" Leonard D. Jaroszuk Director

(Signed) "John Pinsent" John Pinsent, FCPA, FCA, ICD.D. Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

Condensed Interim Consolidated Statements of Income and Comprehensive Income

	Three months March 31, 2019	Three months March 31, 2018
Revenue	**$ 7,149,422**	$ 6,810,236
Direct expenses	**(4,077,944)**	(4,684,837)
Gross margin	**3,071,478**	2,125,399
General and administrative expenses	**(509,673)**	(638,147)
Depreciation of property, plant and equipment	**(1,489,915)**	(1,256,758)
Amortization of intangible assets	**(18,476)**	(93,348)
Loss on sale of property, plant and equipment	**(152,326)**	-
Income before financing and income tax	**901,088**	137,146
Finance expense (recovery) (note 7)	**(208,102)**	153,469
Income before income tax	**692,986**	290,615
Income tax expense (note 6)	**-**	(76,870)
Net income from continuing operations	**692,986**	213,745
Gain from discontinued operations, net of tax (note 3)	**-**	2,976,497
Net income and comprehensive income	**$ 692,986**	$ 3,190,242
Net earnings per share (note 9)		
Basic and diluted earnings per share	**$ 0.01**	$ 0.06

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

	Three months March 31, 2019	Three months March 31, 2018
Cash flows from operating activities:		
Net income	**$ 692,986**	$ 3,190,242
Adjustments for:		
Depreciation of property, plant and equipment	**1,489,915**	1,401,967
Amortization of intangible assets	**18,476**	93,348
Loss (gain) on sale of property, plant and equipment	**152,326**	(6,332,509)
Deferred income tax expense	**-**	899,815
Finance expense (recovery)	**208,102**	(43,356)
Change in non-cash working capital (note 11)	**(1,937,817)**	1,417,477
Net cash provided by operating activities	**623,988**	626,984
Cash flows from financing activities:		
Net advances from (repayment of) bank loan facility	**389,524**	(15,751,354)
Interest and borrowing costs paid on loans and borrowings	**(228,044)**	(356,398)
Repayment of lease liabilities	**(320,253)**	(235,156)
Repayment of mortgage facility	**(22,673)**	(21,768)
Share buyback and cancellation	**(13,136)**	(74,467)
Net cash used by financing activities	**(194,582)**	(16,439,143)
Cash flows from investing activities:		
Purchase of property, plant and equipment	**(436,335)**	(1,751,310)
Proceeds on sale of property, plant and equipment	**29,013**	16,879,181
Net cash (used) provided by investing activities	**(407,322)**	15,127,871
Change in cash and cash equivalents	**22,084**	(684,288)
Cash and cash equivalents, beginning of period	**869,912**	1,291,785
Cash and cash equivalents, end of period	**$ 891,996**	$ 607,497

Net cashflows attributed to discontinued operations (note 3)

	Number of common shares	Share capital	Warrants	Contributed surplus	Deficit	Total
Balance as at December 31, 2017	55,517,874	$79,736,972	$701,210	$6,737,805	$(35,184,209)	$51,991,778
Adjustment from the adoption of IFRS 9 at January 1, 2018	-	-	-	-	(531,254)	(531,254)
Adjusted balance as at January 1, 2018	**55,517,874**	**79,736,972**	**701,210**	**6,737,805**	**(35,715,463)**	**51,460,524**
Common shares repurchased and cancelled	(179,000)	(256,630)	-	182,163	-	(74,467)
Net income	-	-	-	-	3,190,242	3,190,242
Balance as at March 31, 2018	55,338,874	$79,480,342	$ 701,210	$6,919,968	$(32,525,221)	$54,576,299
Balance as at December 31, 2018	55,147,374	$79,204,845	$ -	$7,099,031	$(40,683,356)	$45,620,520
Common shares repurchased and cancelled (note 8)	(54,000)	(77,557)	-	64,421	-	(13,136)
Net income	-	-	-	-	692,986	692,986
Balance as at March 31, 2019	**55,093,374**	**$79,127,288**	**$ -**	**$7,163,452**	**$(39,990,370)**	**$46,300,370**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

1. Reporting entity

Enterprise Group, Inc. ("Enterprise" or the "Company") is a public company incorporated under the Alberta Business Corporations Act and its shares are listed on the Toronto Stock Exchange under the symbol "E". Enterprise is a consolidator of businesses providing services to the utility, energy and construction industries. The Company has a fleet of trucks and heavy equipment to provide rental services for heavy equipment, flameless heating units and oilfield site service infrastructure throughout Western Canada. Enterprise's head office is located at #2, 64 Riel Drive, St. Albert, Alberta, T8N 4A4.

The financial statements of the Company as at March 31, 2019, and December 31, 2018, are comprised of the Company and its wholly owned subsidiaries. The condensed interim consolidated financial statements were authorized for issue by the Board of Directors on May 8, 2019.

2. Significant accounting policies

The unaudited condensed interim consolidated financial statements are prepared by management and reported in Canadian dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2018 Audited Consolidated Financial Statements and the notes thereto.

The unaudited condensed interim consolidated financial statements have been prepared, for all periods presented, following the same accounting policies and methods of computation as described in the Company's Audited Consolidated Financial Statements for the fiscal year ended December 31, 2018.

New accounting standards

A new and revised standard is effective for periods beginning on or after January 1, 2019. Information on this standard is presented below:

IFRS 16 - Leases

IFRS 16 replaces IAS 17 'Financial Instruments: Recognition and Measurement', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases-Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The new guidance makes significant changes to the previous guidance on the classification of operating leases under IAS 17. The remaining lease payments are measured at the present value and recorded as lease liabilities. All assets under lease are referred to as right-of-use assets moving forward. Lease contracts with a short lease term or where the underlying asset is of low value are exempt from being recognized on the balance sheet and expensed on a straight line basis over the term of the lease contract.

The Company has applied the new guidance retrospectively and without restatement upon initial application. Any impact of the transition is required to be recognized through an adjustment to the opening deficit balance at January 1, 2019, with the rules of IFRS 16 applied thereafter. There was no adjustment to opening retained deficit. The resulting additions to right-of-use assets at January 1 was $1,359,829.

Opening right-of-use assets	**Opening balance January 1, 2019**
Buildings and premises	$ 1,325,713
Small equipment	34,116
	$ 1,359,829

Existing lease contracts at December 31, 2018, remained as lease liabilities at their previous asset carrying values. At December 31, 2018, the Company had $1,324,542 in operating lease commitments for premise leases, truck leases, and office equipment. The remaining lease payments were measured at their present value using the Company's incremental borrowing rate. This value determined the value of the lease liability and the right-of-use assets. The impact to lease liability as a result of the transition was as follows:

Opening lease liabiity	**Opening balance January 1, 2019**
Total operating lease commitments dislcosed at December 31, 2018	$ 1,324,542
Changes to lease classifications	161,732
Impact of discounting at the incremental borrowing rate	(126,445)
	$ 1,359,829

The weighted average incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 6.7%.

Upon transition the following practical expedients were applied:
- The use of a single discount rate for the remaining lease payments on leases with similar characteristics
- The exclusion of initial direct costs in the measurement of the right-of-use assets upon adoption

Critical accounting judgements in applying accounting policies

The following are significant management judgements, apart from those involving estimation uncertainty, in applying the accounting policies of the Company that have the most significant effect on the financial statements:

i. Leases
Under IFRS 16, management uses judgement to determine if contracts contain a lease. To make the assessment, management evaluates if the contract identifies a specific asset, the Company has the right to obtain substantially all the economic benefits from use, and if the Company has the right to direct the use of the asset.

Management uses judgement in determining the effective term for contracts where an extension or termination clause exists. Management considers historical behavior, forecasting, and future strategy when considering what a reasonable outcome is.

Prior to the adoption of IFRS 16, management used judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards of ownership. Management evaluated the lease terms and in some cases the lease transaction is not always conclusive in its classification as a finance lease.

Management used judgement in determining whether modifications to a lease impacted its classification as a finance lease, and impacted the original financial liability. The specific details of the changes determined if they should be recognized immediately in the statement of loss and comprehensive loss or as part of the leased assets.

Leased assets

Lease liabilities and right-of-use assets arising from a lease contract are initially measured at the present value of future lease payments. Lease liabilities include the net present value of the following net costs:
- fixed payments
- lease incentives receivable
- amounts expected to be payable from a residual value guarantees
- the payment of a purchase option if the option is reasonably certain to be exercised
- payments of penalties for terminating a lease, if the assumed term would result in early termination
- variable lease payments that are based on an index or a rate

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used.

Right-of-use assets are initially measured net present value of the following net costs:
- the amount of the initial lease liability
- any prepaid lease payments made at or prior to commencement
- lease incentives received
- initial direct costs
- restoration costs

3. Discontinued operations

On March 22, 2018, Enterprise Group, Inc., closed a transaction to divest substantially all of the assets of Calgary Tunnel & Horizontal Augering Ltd. (CTHA). Gross proceeds, including working capital, from the transaction was $20,194,992. The remaining net working capital receivable included in trade and other receivables at March 31, 2019, is $1,381,352. On April 16, 2019, the Company received a net working capital payment in the amount of $335,013. Control of collections of the remaining net work capital balance has been assigned back to the Company starting in the second quarter. All proceeds from the transaction will be deployed against the Company's debt.

Income from discontinued operations, including the prior period figures, are presented as a single amount in the consolidated statements of loss and comprehensive loss and excludes all intercompany transactions. This amount comprises the post-tax income of the discontinued operations and the post-tax gain (loss) resulting from the measurement and disposal of the assets.

For the three months ended March 31	**CTHA 2019**	CTHA 2018
Revenue	**$ -**	$ 1,320,262
Direct expenses	**-**	(2,040,665)
Gross margin	**-**	(720,403)
Depreciation of property, plant and equipment	**-**	(145,209)
Finance expense	**-**	(110,113)
Other income	**-**	850
Loss before income tax	**-**	(974,875)
Income tax recovery	**-**	263,217
Loss from operations	**-**	(711,658)
Gain on sale of assets	**-**	5,052,217
Deferred tax expense on sale of assets	**-**	(1,364,099)
Gain on sale of assets, net of tax	**-**	3,688,118
Income from discontinued operations	**$ -**	$ 2,976,460

Cash flows from discontinued operations are as follows:

For the period ended March 31	**CTHA 2019**	CTHA 2018
Operating	**$ 245,020**	$ 2,201,498
Financing	**$ -**	$ (15,857)
Investing	**$ -**	$ 16,909,107

4. Financial instruments and risk management

(a) Fair value of financial instruments

The carrying value of trade and other receivables, deposits and trade and other payables approximate fair value because of the near term to maturity of these instruments. The fair value of loans and borrowings is a level 2 measurement and are based on discounted future cash flows using the rates that reflect observable current market rates for similar instruments with similar terms and conditions. The estimated fair value approximates the carrying value at March 31, 2019.

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities:

		March 31, 2019		December 31, 2018
Financial assets				
Cash and cash equivalents	**$**	**891,996**	$	869,912
Trade and other receivables	**$**	**7,497,969**	$	5,523,703
Deposits	**$**	**78,884**	$	82,879
Financial liabilities				
Trade and other payables	**$**	**1,884,574**	$	1,833,821
Loans and borrowings	**$**	**10,358,260**	$	8,845,951

Financial risk management

The Company's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk. The Board of Directors oversees management's establishment and execution of the Company's risk management framework.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk through cash and cash equivalents and trade and other receivables. The Company manages the credit risk associated with its cash and cash equivalents by holding its funds in financial institutions with high credit ratings. Credit risk for trade and other receivables are managed through established credit monitoring activities.

The Company has trade receivables from customers in the oil and gas industry, as well as customers in the utilities/infrastructure construction industry. Credit risk is mitigated due to significant customers being large industry leaders, following a program of credit evaluation and limiting the amount of customer credit where deemed necessary. The Company monitors trade receivables against an expected credit loss model to assess reasonability of impairment over accounts receivable. Individual invoices within trade receivables are written off when there is no reasonable expectation of collecting payment. Losses from trade accounts receivable have not historically been significant. The Company has recorded a provision for doubtful accounts at March 31, 2019, of $nil (December 31, 2018 - $24,245).

At March 31, 2019, $2,029,000 or 31% of trade receivables was from two customers compared to $2,438,000 or 56% from four customers as at December 31, 2018.

		March 31, 2019		December 31, 2018
Current (less than 90 days)	**$**	**7,365,610**	$	5,069,720
Past due (more than 90 days)		**132,359**		453,983
Total	**$**	**7,497,969**	$	5,523,703

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. On an ongoing basis the Company manages liquidity risk by maintaining adequate cash and cash equivalents balances and appropriately utilizing available lines of credit. Management believes that forecasted cash flows from operating activities, along with available lines of credit, will provide sufficient cash requirements to cover the Company's forecasted normal operating activities, commitments and capital expenditures. For the the period ended March 31, 2019, the Company generated 25% of revenue from two customer (2018 - 23% from one customer). No other customers comprise more than 10% of revenues.

The following are undiscounted contractual maturities of financial liabilities, including estimated interest at March 31, 2019, and December 31, 2018:

March 31, 2019	**Carrying amount**	**Contractual cash flows**	**Due within one year**	**Two-five years**	**More than five years**
Trade and other payables	$ 1,884,574	$ 1,884,574	$ 1,884,574	$ -	$ -
Loans and borrowings	10,358,260	11,646,945	1,190,494	9,706,875	749,576
Operating lease commitments	-	-	-	-	-
	$ 12,242,834	**$ 13,531,519**	**$ 3,075,068**	**$ 9,706,875**	**$ 749,576**

December 31, 2018	Carrying amount	Contractual cash flows	Due within one year	Two-five years	More than five years
Trade and other payables	$ 1,833,821	$ 1,833,821	$ 1,833,821	$ -	$ -
Loans and borrowings	8,845,951	9,961,881	966,666	8,396,068	599,147
Operating lease commitments	-	1,324,542	750,804	572,631	1,107
	$ 10,679,772	$ 13,120,244	$ 3,551,291	$ 8,968,699	$ 600,254

(d) Market risk

Market risk is the risk of changes in market prices, such as interest rates, which will affect the Company's income or the value of its financial instruments. Management has assessed the effect of a 1% interest rate increase or decrease in the prime lending rate at March 31, 2019, to impact the Company's annual interest expense by approximately $87,000 (December 31, 2018 - $84,000). The Company has not entered into any derivative agreements to mitigate this risk.

Capital management

The primary objective of capital management is to ensure the Company has sufficient capital to support its business and maximize shareholder value. The Company manages its capital in proportion to the risk of the underlying assets and makes adjustments in light of changes in economic conditions and risks. The Company's strategy remains unchanged from prior periods. Management considers its capital structure to include funded debt and adjusted capital of the Company. Adjusted capital comprises all components of equity (share capital, contributed surplus, warrants and deficit). Included in funded debt is the bank loan facility which requires the Company to maintain certain financial covenants as defined below. The Company's objectives when managing capital are to finance its operations and growth strategies and to provide an adequate return to its shareholders. In order to maintain or adjust the capital structure, the Company may issue new shares, or sell assets to reduce debt. As at March 31, 2019, the Company has met these objectives.

	March 31, 2019	December 31, 2018
Bank loan	**$ 7,556,580**	$ 7,186,998
Current portion of long term debt	**1,026,357**	407,875
Long term debt	**1,775,323**	1,251,078
Net funded debt	**10,358,260**	8,845,951
Shareholders' equity	**46,300,370**	45,620,520
Total capital	**$ 56,658,630**	$ 54,466,471

Included in net funded debt is the bank loan facility which requires the Company to maintain certain financial covenants.

"Fixed Charge Coverage Ratio" - EBITDA less unfinanced capital expenditures, less taxes paid divided by fixed charges.

"Senior Leverage Ratio" - the result of the amount of Senior Funded Debt of the Company and its subsidiaries on a consolidated basis, to the trailing twelve month EBITDA for the 12 month period ended as of such date.

"EBITDA" - earnings before finance expense, taxes, depreciation and amortization, loss (gain) on disposal of property, plant and equipment, fair value adjustments, impairment losses and share-based payments.

The Company's covenants are as follows:

	March 31, 2019	**Required**	December 31, 2018	Required
Fixed charge coverage ratio	**N/A**	N/A	N/A	N/A
Senior leverage ratio	**N/A**	N/A	N/A	N/A
EBITDA	**$2,561,805**	>$1,206,507	$742,581	>$569,080
Net capital expenditure (recovery)	**$407,322**	< $1,125,000	$(10,318,232)	< $1,125,000

The minimum covenants are noted in the table above. The Company monitors these requirements on an ongoing basis and reports on its compliance to its lender on a monthly basis. As at March 31, 2019, the Company is in compliance with all covenants.

Effective December 28, 2018, the Company amended the terms of the covenants to its bank loan facility. The covenants on the loan were amended to remove a fixed charge coverage ratio and senior leverage ratio requirements in favour of a minimum EBITDA for specified periods. For the fiscal quarter ending December 31, 2018, the minimum EBITDA required is $569,080. For the fiscal quarter ending March 31, 2019, the minimum EBITDA required is $1,206,507. All other terms and conditions of the facility remain unchanged.

Fair value determination

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

5. Property, plant and equipment

Cost or deemed cost	**Balance at December 31, 2018**	**Transition additions (note 2)**	**Additions**	**Disposals**	**Reclassfied**	**Balance at March 31, 2019**
Land	$ 4,284,210	$ -	$ -	$ -	$ -	**$ 4,284,210**
Buildings	287,993	-	-	-	-	**287,993**
Leasehold improvements	241,889	-	3,231	-	-	**245,120**
Computers and communication equipment	382,714	-	-	-	-	**382,714**
Small equipment	1,852,955	-	1,265	(988,384)	-	**865,836**
Light automotive equipment	2,927,892	-	6,555	-	-	**2,934,447**
Heavy automotive, construction and portable rental equipment	65,022,364	-	336,828	(364,748)	223,310	**65,217,754**
Right-of-use assets	-	1,359,829	125,824	-	-	**1,485,653**
Property, plant and equipment under construction	871,334	-	88,457	(2,754)	(223,310)	**733,727**
	$ 75,871,351	**$ 1,359,829**	**$ 562,160**	**$ (1,355,886)**	**$ -**	**$ 76,437,454**

	Accumulated depreciation					Carrying amounts	
	Balance at December 31, 2018	Depreciation for the year	Disposals	Reclass	Balance at March 31, 2019	Balance at December 31, 2018	Balance at March 31, 2019
Land	$ -	$ -	$ -	$ -	**$ -**	$ 4,284,210	**$ 4,284,210**
Buildings	31,378	2,231	-	-	**33,609**	256,615	**254,384**
Leasehold improvements	182,754	7,722	-	-	**190,476**	59,135	**54,644**
Computers and communication equipment	364,162	5,683	-	-	**369,845**	18,552	**12,869**
Small equipment	1,685,392	8,213	(988,384)	-	**705,221**	167,563	**160,615**
Light automotive equipment	1,876,645	60,960	-	-	**1,937,605**	1,051,247	**996,842**
Heavy automotive, construction and portable rental equipment	23,099,904	1,181,773	(186,162)	-	**24,095,515**	41,922,460	**41,122,239**
Right-of-use assets		223,333	-	-	**223,333**		**1,262,320**
Property, plant and equipment under construction	-	-	-	-	**-**	871,334	**733,727**
	$ 27,240,235	**$ 1,489,915**	**$ (1,174,546)**	**$ -**	**$ 27,555,604**	**$ 48,631,116**	**$ 48,881,850**

Included in the carrying amount of $48,881,850 is $701,758 (2018 - $863,605) of heavy automotive, construction and portable rental equipment under construction and $31,967 (2018 - $371) of computers and equipment, which is not being depreciated as they are not yet available for use.

The carrying amounts of right-of-use assets as at March 31, 2019, were as follows:

Right-of-use assets	**March 31, 2019**
Buildings and premises	$ 1,104,330
Small equipment	32,166
Light automotive equipment	125,824
	$ 1,262,320

6. Income tax

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

Three months ended March 31,	**2019**	2018
Income before tax from continuing operations	**$ 692,986**	$ 291,465
Statutory income tax rate	**27.00 %**	27.00 %
Current income tax expense	**187,106**	78,696
Deferred income tax recovery	**(187,106)**	-
Other	**-**	(1,826)
Income tax expense	**$ -**	$ 76,870

7. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortized cost.

	March 31, 2019	December 31, 2018
Current portion of loans and borrowings		
Current portion of lease liabilities	**$ 933,316**	$ 315,778
Current portion of mortgage facilities	**93,041**	92,097
Total current portion of loans and borrowings	**1,026,357**	407,875
Non-current portion of loans and borrowings		
Bank loan facility	**7,556,580**	7,186,998
Lease liabilities	**844,106**	296,244
Mortgage facilities	**931,217**	954,834
Total non-current portion loans and borrowings	**9,331,903**	8,438,076
Total loans and borrowings	$ 10,358,260	$ 8,845,951

(a) Lease liabilities

The Company has outstanding lease liabilities of $1,777,422 as at March 31, 2019 (2018 - $612,022). The leases bear interest from 2.99% - 11.84%, have cumulative monthly payments of $109,651 (2018 - $29,437) and mature at various times over the next 1 - 5 years. The leases are secured by specific equipment with a net book value of $2,194,730 (2018 - $968,647) of which $1,104,330 (2018 - $nil) pertains to premise leases, $608,383 (2018 - $506,375) pertains to light automotive equipment, $449,851 (2018 - $462,272) pertains to heavy automotive, construction and portable rental equipment, and $32,166 pertains to small equipment.

	Totals	Due within one year	Two-five years	More than five years
Present value of minimum lease payments	$1,777,422	$ 313,893	$1,463,529	$ -
Interest	180,197	24,352	155,845	-
Future minimum lease payments	$1,957,619	$ 338,245	$1,619,374	$ -

(b) Finance expense

Interest expense was incurred during the period from the following sources:

Three months ended March 31,	2019	2018
Interest on long term debt	**$ 160,793**	$ 233,010
Interest on leases	**23,374**	13,629
Amortization of debt modification adjustment	**(11,367)**	(43,695)
Revision of future cash flows from sale of CTHA	**-**	(373,888)
Amortization of prepaid transaction costs	**35,302**	17,475
Finance expense (recovery)	**$ 208,102**	$ (153,469)

Revisions due to contract modifications are recorded through finance expense as per the Company's accounting policy.

2018 was the first year of the application of IFRS 9 and as such the initial adjustment of $531,254 to the bank loan facility was made through opening deficit of $531,254.

8. Share capital

Authorized:

Unlimited Common shares
Unlimited Preferred shares, issuable in series, terms to be set at issuance

Normal course issuer bid

During the fiscal period ended March 31, 2019, the Company repurchased and cancelled a total of 54,000 shares valued at $13,136. The shares were purchased in the open market in accordance with the normal course issuer bid approved by the TSX. The bid commenced August 21, 2018, and will terminate on August 20, 2019, or such earlier time as the bid is completed or terminated at the option of the Company.

9. Earnings per share

The earnings available to common shareholders and weighted average number of common shares outstanding for comparative basic and diluted earnings per share are:

	2019	2018
Weighted average common shares outstanding - basic	**55,245,420**	55,439,307
Effect of stock options	**-**	849,009
Weighted average common shares - diluted	**55,245,420**	56,288,316
Net income from continuing operations	**$692,986**	$213,745
Basic and diluted earnings per share from continuing operations	**$0.01**	$0.00
Net income from discontinued operations	**-**	2,976,497
Basic and diluted earnings per share from discontinued operations	**$ 0.00**	$ 0.05
Net income and comprehensive income	**692,986**	3,190,242
Basic and diluted earnings per share from comprehensive income	**$ 0.01**	$ 0.06

10. Related party transactions

The Company has entered into various transactions in the normal course of business with corporations controlled by officers and directors of the Company. These transactions were recorded at the exchange amount established and agreed to by the parties. Management and consulting fees were paid to a compay controlled by Leonard Jaroszuk, President and Chief Executive Officer, as compensation for serving their role as officer for the Company. Equipment rental fees were paid to a company controlled by Leonard Jaroszuk, President and Chief Executive Officer, and Desmond O’Kell, Senior Vice President and Director, to rent equipment required for operating activities.

Three months ended March 31,		**2019**		2018
Management and consulting fees	**$**	**168,335**	$	153,026
Equipment rental		**-**		37,500
	$	**168,335**	$	190,526

In addition, in the first quarter of 2018, a success fee of $600,000, associated with the CTHA transaction as described in note 3, was paid to companies controlled by Leonard Jaroszuk, President and Chief Executive Officer, Desmond O'Kell, Senior Vice President and Director, and Warren Cabral, Chief Financial Officer. These transactions were recorded at the exchange amount established and agreed to by the parties.

11. Supplemental cash flow information

Three months March 31,	**2019**	2018
(a) Changes in non-cash working capital:		
Trade and other receivables	**$ (1,974,266)**	$ 649,756
Income taxes recoverable	**-**	117,414
Unbilled revenue	**(12,609)**	(219,098)
Inventories	**17,954**	1,081,278
Deposits and prepaid expenses	**(19,650)**	(8,984)
Trade and other payables	**50,754**	(363,375)
Income taxes payable	**-**	160,486
	$ (1,937,817)	$ 1,417,477
(b) Other non-cash transactions:		
Right-of-use assets added	**$ 1,485,653**	$ -
Amortization of prepaid borrowing costs	**$ 35,302**	$ 17,827

(c) Cash taxes paid

Cash taxes received for the year ended March 31, 2019, was $nil (2018 - $nil).

12. Comparative numbers

During the period, management reviewed and reclassified certain amounts on the statement of income and comprehensive income. As such, the comparative figures have been restated to reflect the basis of presentation adopted in the current period.