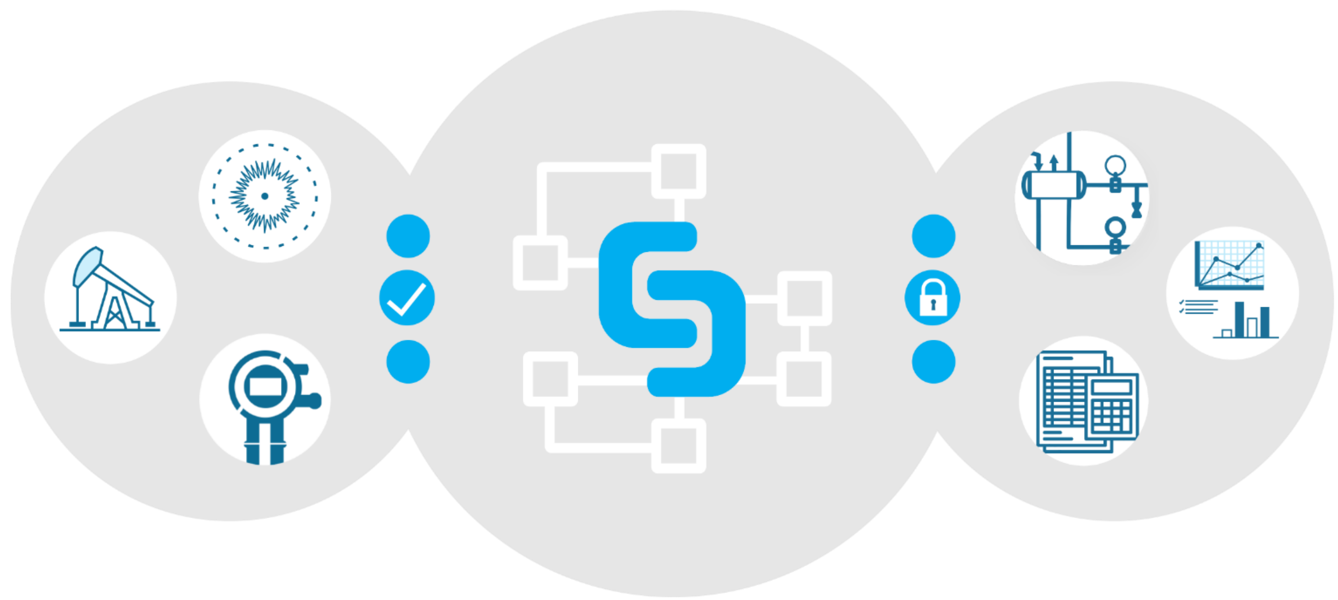

Q3 2018

Condensed Consolidated Interim Financial Statements

Critical Control Energy Services Corp.

September 30, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management.

The Corporation's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements.

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at		**September 30,**	December 31,
($ thousands) - unaudited	Note	**2018**	2017
Assets			
Current assets			
Cash and cash equivalents		**787**	287
Accounts receivable		**4,806**	5,938
Inventory		**2,138**	2,357
Prepaid expenses		**297**	253
		8,028	8,835
Deposits		**82**	81
Tax credit recoverable		**293**	293
Deferred income taxes	9	**-**	3,188
Property and equipment		**2,676**	2,899
Intangible assets and goodwill		**10,734**	19,248
		21,813	34,544
Liabilities			
Current liabilities			
Bank indebtedness	3	**5,434**	4,743
Accounts payable and accrued liabilities		**3,920**	2,963
Deferred revenue		**764**	827
Current portion of long-term debt	3	**2,808**	661
Current portion of deferred lease inducements		**12**	12
		12,938	9,206
Long-term debt	3	**544**	2,712
Deferred lease inducements		**32**	41
Deferred income taxes	9	**511**	-
		14,025	11,959
Shareholders' Equity			
Common shares		**29,783**	29,685
Preferred shares and warrants		**4,105**	4,105
Contributed surplus		**1,645**	1,645
Accumulated other comprehensive income		**1,854**	1,885
Deficit		**(29,599)**	(14,735)
		7,788	22,585
		21,813	34,544

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

($ thousands, except per share amounts) - unaudited	Note	Three months ended **2018**	2017	Nine months ended **2018**	2017
Revenue	5	**6,743**	7,073	**20,403**	22,342
Expenses					
Operating expense	6	**3,968**	3,966	**12,076**	12,216
General and administrative	6	**1,852**	2,215	**6,186**	7,004
Research and development		**338**	375	**1,076**	1,060
Foreign exchange	6	**325**	654	**(538)**	1,202
Depreciation and amortization		**857**	725	**2,526**	2,176
Asset impairment	8	**8,500**	-	**8,500**	-
Loss (gain) on sale of asset		**1**	-	**-**	4
Restructuring costs and other expenses	7	**632**	62	**1,039**	55
		(9,730)	(924)	**(10,462)**	(1,375)
Finance costs	6	**191**	222	**521**	781
Loss before income taxes		**(9,921)**	(1,146)	**(10,983)**	(2,156)
Income taxes (recovery)	9	**3,368**	7	**3,708**	(551)
Net loss		**(13,289)**	(1,153)	**(14,691)**	(1,605)
Other comprehensive income (loss)					
Foreign currency translation adjustment, net of tax		**41**	39	**(31)**	90
		41	39	**(31)**	90
Total comprehensive income (loss)		**(13,248)**	(1,114)	**(14,722)**	(1,515)
Earnings (loss) per share					
Net earnings					
Basic / Diluted		**(0.30)**	(0.02)	**(0.33)**	(0.03)

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2018 and 2017

($ thousands) - unaudited	Common shares	Preferred shares and warrants	Contributed surplus	Accumulated other comprehensive income [(1)]	Deficit	Total equity
Balance at December 31, 2017	**29,685**	**4,105**	**1,645**	**1,885**	**(14,735)**	**22,585**
Comprehensive income (loss)	-	-	-	**(31)**	**(14,691)**	**(14,722)**
Preferred share dividend	-	-	-	-	**(173)**	**(173)**
Employee share purchase plan proceeds	-	-	**3**	-	-	**3**
Shares issued from treasury under						-
employee share purchase plan	**19**	-	**(19)**	-	-	-
Shares issued from treasury under						-
deferred common shares	**79**	-	**(79)**	-	-	-
Share-based payments	-	-	**95**	-	-	**95**
Balance at September 30, 2018	**29,783**	**4,105**	**1,645**	**1,854**	**(29,599)**	**7,788**
Balance at December 31, 2016	31,888	-	1,607	1,824	(11,312)	24,007
Comprehensive income (loss)	-	-	-	33	(1,605)	(1,572)
Preferred share issuance, net of costs	-	1,674	-	-	-	1,674
Warrants issuance	-	90	-	-	-	90
Common share converted to preferred shares	(2,272)	2,272	-	-	-	-
Preferred share dividend	-	-	-	-	(81)	(81)
Employee share purchase plan proceeds	-	-	16	-	-	16
Shares issued from treasury under						
employee share purchase plan	18	-	(18)	-	-	-
Shares issued from treasury under						
deferred common shares	46	-	(46)	-	-	-
Share-based payments	-	-	86	-	-	86
Balance at September 30, 2017	29,680	4,036	1,645	1,857	(12,998)	24,220

[(1)] Accumulated other comprehensive income (loss) consists of foreign currency translation adjustment, net of tax.
All amounts will be reclassified to profit or loss when specific conditions are met.

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30,

($ thousands) - unaudited	Note	2018	2017
Cash provided by (used in)			
Operating activities			
Net loss		**(14,691)**	(1,605)
Adjustments for:			
Depreciation and amortization		**2,526**	2,176
Loss (gain) on sale of asset		**-**	4
Foreign exchange	6	**(538)**	1,202
Finance costs	6	**521**	781
Income taxes (recovery)	9	**3,708**	(551)
Asset impairment	8	**8,500**	-
Other		**109**	86
Income taxes - paid		**(18)**	(18)
Interest - paid		**(79)**	(392)
Funds provided by (used in) operations		**38**	1,683
Change in non-cash working capital		**2,262**	206
		2,300	1,889
Investing activities			
Purchase of property and equipment		**(833)**	(617)
Purchase of software		**(8)**	(18)
Proceeds on sale of property and equipment		**26**	7
Additions to product development costs		**(1,081)**	(1,224)
		(1,896)	(1,852)
Financing activities			
Proceeds from employee share purchase plan		**(11)**	17
Proceeds from preferred share issuance, net of issuance costs		**-**	1,764
Proceeds from bank indebtedness		**7,259**	5,655
Repayment of bank indebtedness		**(6,953)**	(6,047)
Proceeds from long-term debt		**459**	-
Repayment of long-term debt		**(480)**	(1,356)
Preferred share dividends		**(173)**	(81)
		101	(48)
Effect of translation of foreign currency cash		**(5)**	38
Net increase in cash		**500**	27
Cash and cash equivalents, beginning of period		**287**	552
Cash and cash equivalents, end of period		**787**	579

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STRUCTURE OF CORPORATION

Organization

Critical Control Energy Services Corp. (the "Corporation" or "Critical Control") is incorporated in Alberta and domiciled in Canada. The registered address of the Corporation is 1400, 350 – 7 Avenue SW, Calgary, Alberta T2P 3N9. Critical Control is a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under symbols "CCZ" and "CCZ.PR.A".

These consolidated financial statements of the Corporation as at and for the three and nine months period ended September 30, 2018, are available upon request from the Corporation's head office at Suite 800, 140 – 10th Avenue SE, Calgary, Alberta, Canada T2G 0R1, at www.criticalcontrol.com or at www.sedar.com.

Operations

Critical Control provides solutions for the collection, control, and analysis of measurement and operational data related to oil and gas wells across North America. The Corporation provides services to capture data, cloud-based software to visualize and manage it, and business intelligence to make quicker and more informed operational decisions.

In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin, operating income, and earnings (loss) before tax directly attributable to each segment. All of the Corporation's identifiable assets are located in Canada and the United States.

The reportable segments are managed separately because of the unique characteristics and requirements of each business.

The Software business provides cloud based software and software based services to its upstream and midstream oil and gas clients:

- ***Measurement Data Management***: Gas chart integration and reporting; web-based monitoring and control of electronic devices at the well site; and cost-efficient data validation.
- ***Regulatory Compliance and Risk Management***: Integrated pipeline and asset profiles management; intelligent fluid analysis management; and streamlined, auditable meter calibration.
- ***Production and Financial Accounting***: Production accounting; financial and joint interest accounting; capital projects management; land and contracts management; production asset management; and facility processing contract management.

The Field Services business provides the following services to its upstream and midstream oil and gas clients:

- ***Gas Measurement Field Services***: Inclusive of natural gas meter installation, calibration, and monitoring.
- ***Gas and Liquid Laboratory Services***: Gas composition management services including gas sample analysis and data management tools.
- ***Certification and Proving***: Calibration and certification of measurement meters and gas measurement equipment.
- ***Distribution of Measurement Equipment:*** Sale of gas measurement related equipment.
- ***Fabrication***: Assembly and sale of gas measurement related equipment.

2. BASIS OF PREPARATION

Statement of compliance:

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements. These condensed consolidated interim financial statements were prepared using International Accounting Standard (IAS) 34 - Interim Financial Reporting as at and for the three and nine months period ended September 30, 2018. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors as of November 14, 2018.

These condensed consolidated interim financial statements were prepared by management and follow the same accounting policies and methods as the audited consolidated financial statements as at and for the year-ended December 31, 2017, as described in Note 25 to these financial statements. These condensed consolidated interim financial statements do not contain all of the disclosures required for the annual consolidated financial statements. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Corporation's previous annual consolidated financial statements for the year-ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB.

The Corporation has prepared financial forecasts for the remainder of 2018, 2019 and 2020 and as set out in note 3, has obtained a waiver from the lender for breaches of certain loan covenants as at September 30, 2018.

Subsequent to September 30, 2018, the Corporation successfully negotiated a new debt agreement with a new lender which closed November 14, 2018.

The Corporation has suspended payment of cash dividends on its preferred shares.

Basis of measurement:

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

Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by Critical Control are believed to be reasonable under current circumstances, actual results could differ. The Corporation has applied significant judgments on a basis consistent with the prior year.

Change in estimates and judgments:

Effective January 1, 2018, the Corporation has made a prospective change to its depreciation and amortization rates.

Depreciation and amortization

Depreciation and amortization is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation and amortization is charged to earnings, from the date assets are installed and ready for use, on a straight-line, over the estimated useful lives of each part of an item of property and equipment.

The methods and rates of depreciation and amortization are as follows:

Leasehold improvements	straight-line over lease term
Computer hardware	straight-line over five years
Office and operating equipment	straight-line over five years
Vehicles	straight-line over five years
Product development costs	straight-line over five years
Customer relationship and contracts	straight-line over two to seven years
Software	straight-line over two years

New Standards and Interpretations Adopted

The accounting polices applied by the Corporation in these condensed consolidated interim financial statements are the same as those applied by the Corporation in its consolidated financial statements as at and for the year-ended December 31, 2017, except for the adoption of the following which were adopted by the Corporation on January 1, 2018 and as discussed below:

IFRS 9 - Financial Instruments: IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39 – Financial Instruments – Recognition and Measurement (IAS 39) with a new measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and related dividends which will now limit recognition to fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were also added in October 2010 but they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The standard is required to be applied for years beginning on, or after, January 1, 2018. The Corporation has adopted this standard and concluded that there is a minimal impact on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers: IFRS 15 replaces the previous guidance on revenue recognition and provides a framework to record revenue from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRS standards. Under IFRS 15, revenue is to be recognized to depict the transfer of goods or services in an amount that reflects the consideration to which the entity expects to be entitled following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard is effective for annual periods beginning on or after January 1, 2018, using either a full retrospective approach for all periods presented in the period or a modified retrospective approach. The Corporation has adopted this standard and concluded that there is a minimal impact on the consolidated financial statements.

3. BANK INDEBTEDNESS AND LONG-TERM DEBT

As at ($ thousands)	Note	**September 30, 2018**	December 31, 2017
Secured bank term loan (CAD $3.0 million)	b	**2,498**	2,874
Secured bank term loan (CAD $2.0 million)	c	**854**	499
		3,352	3,373
Current portion		**2,808**	661
Long-term portion		**544**	2,712

On December 1, 2017, the Corporation executed an amendment to the credit facility agreement with its lender. Significant details of the facility are summarized below.

(a) A revolving demand operating credit up to $8.5 million to support working capital requirements in Canada and the United States. The operating line bearing interest rate is prime plus 1.25%.

(b) On May 9, 2016, a previous demand term loan was repaid and replaced with a $3.0 million committed term loan. This committed term loan matures on April 30, 2019. The Corporation made interest only payments until September 2017. Beginning in September 2017, the Corporation started making monthly principal payments, based on a five year amortization period. The loan bearing interest rate is prime plus 1.75% per year. Repayment of this loan is guaranteed by Export Development Canada ("EDC").

(c) On December 1, 2017, the banking facility agreement was amended to include a credit limit of $2.0 million to fund equipment required under contracts with customers where the subscription of the Corporation's software is bundled with the provision of oil and gas measurement and communication equipment. As at September 30, 2018, $0.9 million of the line of credit has been used. The loan bearing interest rate is prime plus 1.25% per year. The Corporation shall only make interest payments the first six months starting immediately after the first draw. After which, monthly payments of principal and interest are payable over a 36 month term not including the interest only period. Repayment of 75% of this loan is guaranteed by EDC.

The credit facility is secured by the following:

- A general security agreement creating a first-priority security interest in all present and future undertaking and personal property of the Corporation;
- Upstream guarantees from all material subsidiaries of the Corporation, secured by general security agreements and UCC filings as considered appropriate; and
- A guarantee from Export Development Canada (EDC) with respect to the $3.0 million and $2.0 million committed term loans.

The credit facility agreement requires adherence to certain financial covenants, including a Debt to Capitalization ratio not to exceed 0.38 to 1.00 and an Adjusted Debt Service ratio to exceed 1.10 to 1.00. As at September 30, 2018, the Corporation obtained a waiver from its lender for the breach of its Adjusted Debt Service ratio financial covenant.

Subsequent to the period end, the Corporation obtained a new credit facility agreement with a new lender. The significant details of the facility are summarized below. The new credit facilities are for a period of 3 years and can be repaid on 90 days notice after one year. The new credit facilities include a term loan of $7.0 million at 15% interest per annum (the "Term Loan") and factoring facility. The Term Loan is interest only until December 31, 2019 and principal payments thereafter will be calculated based on 80% of free cash flow after all expenses, capitalized payments and interest. The remainder of the new credit facilities will be in the form of a flexible factoring operating line, enabling the Corporation to draw 90% of its invoices for a period of 120 days (the "Factor Facility"). Effective interest on the Factor Facility will be at 1.5% per month, but will only be incurred when funds are drawn.

The new credit facilities were closed November 14, 2018. The funds drawn on the facilities were applied as follows:

Term Loan	$	7,000
Factoring facility		2,969
Gross loan		9,969
Reserve		(1,051)
Advanced proceeds		8,918
Closing costs and fees		(93)
Net proceeds		8,825
Loan payout		(8,261)
Addition to working capital		564

4. EARNINGS PER SHARE

Basic earnings per share for the three and nine months period ended September 30, 2018 and 2017 is based on the net earnings attributable to shareholders, as reported in the consolidated statements of operations and comprehensive income (loss), and the weighted average number of common shares outstanding in the period.

Diluted earnings per share for the three and nine months period ended September 30, 2018 and 2017 is based on the net earnings attributable to shareholders as reported in the consolidated statements of operations and comprehensive income (loss) and basic weighted average number of common shares outstanding in the period adjusted for dilutive instruments:

	Three months ended		**Nine months ended**	
	2018	2017	**2018**	2017
Weighted average of common shares				
Basic	**44,321,522**	44,956,954	**44,107,388**	56,550,419
Diluted	**44,321,522**	44,956,954	**44,107,388**	56,550,419

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of deferred common shares was based on quoted market prices for the period during which the deferred common shares were outstanding. The following potential common shares were excluded from the weighted average number of common shares outstanding (diluted) for 2018 because they were antidilutive:

- 1,969,988 deferred common shares; and
- 190,686 shares reserved under the Employee Share Purchase Plan.

5. REVENUE

($ thousands)	Three months ended 2018	2017	Nine months ended 2018	2017
Cloud based software	**1,910**	1,941	**5,925**	5,752
Software based services	**1,772**	2,029	**5,515**	6,525
Measurement services	**2,053**	1,931	**5,857**	6,591
Equipment and other revenue	**1,008**	1,172	**3,106**	3,474
	6,743	7,073	**20,403**	22,342

Cloud based software is reasonably expected to be continually provided to clients on a recurring periodic basis. This would include subscription revenue for software.

Software based services are provided to clients based on a per occurrence charge. This would include the implementation of cloud based software and monthly recurring services inclusive of gas chart integration and production and financial accounting.

Measurement services are non-software based services reasonably expected to be provided on a recurring periodic basis. This would include gas and liquid laboratory services, certification and proving, and gas measurement field services.

Equipment and other revenue are viewed as one-time in nature. This would include equipment sales, and fabrication projects.

6. EXPENSES BY NATURE

The Corporation presents certain expenses in the consolidated statements of operations and comprehensive income (loss) by function. The following table presents those expenses by nature:

($ thousands)	Three months ended 2018	2017	Nine months ended 2018	2017
Expenses				
Salaries, subcontractors, and benefits	**3,843**	3,933	**11,960**	12,411
Material and supplies	**815**	1,022	**2,522**	2,881
External services and facilities	**1,427**	1,585	**4,748**	4,902
Share-based payment	**73**	16	**108**	86
	6,158	6,556	**19,338**	20,280
Allocated to:				
Operating expense	**3,968**	3,966	**12,076**	12,216
General and administrative	**1,852**	2,215	**6,186**	7,004
Research and development	**338**	375	**1,076**	1,060
	6,158	6,556	**19,338**	20,280
Foreign exchange				
Foreign exchange - realized	**(24)**	(61)	**38**	(79)
Foreign exchange - unrealized	**349**	715	**(576)**	1,281
	325	654	**(538)**	1,202
Finance costs				
Bank related charges	**75**	74	**194**	296
Interest on bank indebtedness	**40**	63	**115**	194
Interest on long-term debt	**76**	85	**212**	291
	191	222	**521**	781

CRITICAL CONTROL

7. RESTRUCTURING COSTS AND OTHER EXPENSES

	Three months ended		Nine months ended	
($ thousands)	**2018**	2017	**2018**	2017
Termination benefits	**16**	62	**373**	72
Restructuring costs	**300**	-	**300**	-
Other	**316**	-	**366**	(17)
	632	62	**1,039**	55

In the third quarter of 2018, the restructuring costs of $0.3 million were incurred by the Corporation in its renegotiation of the terms of its lease in Calgary, Alberta, this expense is to be paid in the third quarter of 2019. The change in lease terms will enable the Corporation to save $0.5 million per annum, for a total of $2.0 million for the remaining life of the lease. The Corporation incurred an additional $0.3 million in its investigation of alternative financing solutions, including but not limited to, the raising of additional equity capital, the replacement of its existing credit facility with different repayment terms, or a combination thereof.

8. ASSET IMPAIRMENT

The Corporation reviews the carrying value of its long term non-financial assets at each reporting period for indicators of impairment. During the period ended September 30, 2018, the Corporation reviewed all of its cash generating units (“CGU”) for indicators of impairment. As a result of current forecasts, trading value, and financing, the Corporation performed impairment tests to assess the carrying values of its property, plant and equipment, intangible assets and goodwill for all CGUs.

The recoverable amount of each CGU was determined by using a discounted cash flow model for the value-in-use and the fair market value less cost of disposal methods. The Company used a 5-year model, a discount rate range of 12% to 15% and terminal growth rate of 3.0%. Revenue and cash flow assumptions were based on a combination of past results and expectations of future growth. The recoverable amount of each CGU was in excess of the carrying amount with the exception of the following:

- The Corporation identified that the deferred development costs CGU related to one of its product lines was below its carrying amount. An impairment charge of $2.2 million was recorded against intangible assets related to this CGU. The Corporation determined that given the change in focus and move away from this project that its commercialization was unlikely and therefore was determined to be impaired.
- The Corporation identified that the recoverable amount of the Goodwill CGU related to Software operations that was incurred from US based asset acquisitions was below its carrying amount. An impairment charge of $6.3 million was recorded against goodwill related to this CGU.

Impairment tests for all CGUs containing goodwill were performed, and in the third quarter of 2018 the CGUs were found to be impaired. The recoverable amount for each CGU was determined based on value in use, which was calculated using discounted after-tax cash flow projections for the Software CGUs.

The calculation of value in use for the Software CGUs was based on the following key assumptions:

- Cash flows were projected based on past experience, actual operating results, relevant annual budgets and growth expectations. Cash flows beyond five years were extrapolated using a constant growth rate of 3 percent (2017: 3 percent) for Software, which does not exceed the long-term average growth rate for the industry.
- The first year of cash flows was based on the annual operating budgets.
- The anticipated annual revenue included in the cash flow projections for the next four years was based on average compound growth rates of 1 percent (2017: 5 percent).
- The anticipated earnings before income taxes, depreciation, and amortization (“EBITDA”) in the next four years was based on rates (as a percentage of sales) averaging 11 percent (2017: 16 percent).

- A break-even discount rate (after-tax) was calculated for each CGU. Based on general industry data and previous acquisition experience, it was determined that the appropriate after-tax discount rate for the CGU should not be less than 15%. The calculated break-even rate was 11% for Software CGU and the Corporation concluded that impairment of the assets was recognized. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and are based on both external and internal sources (e.g., historical data).

The Company recorded a total asset impairment of $8.5 million during the period ended September 30, 2018 (2017 - nil).

9. DEFERRED INCOME TAX

In the nine months ended September 30, 2018 the Corporation derecognized deferred tax assets of $3.5 million related to relating to non-capital tax losses of $17.5 million that will expire between 2026 and 2035, as it is uncertain whether future taxable profit will be available against which the Corporation can use the benefits therefrom.

The Corporation has $0.5 million of net deductible temporary difference at September 30, 2018.

10. SEGMENTED INFORMATION

The following presents the results of Critical Control's operating segments:

Three months ended September 30, **($ thousands)**	**Software 2018**	Software 2017	**Field Services 2018**	Field Services 2017	**Corporate 2018**	Corporate 2017	**Total 2018**	Total 2017
Revenue								
Cloud based software	**1,910**	1,941	**-**	-	**-**	-	**1,910**	1,941
Software based services	**1,772**	2,029	**-**	-	**-**	-	**1,772**	2,029
Measurement services	**-**	-	**2,053**	1,931	**-**	-	**2,053**	1,931
Equipment and other revenue	**32**	62	**976**	1,110	**-**	-	**1,008**	1,172
	3,714	4,032	**3,029**	3,041	**-**	-	**6,743**	7,073
Expenses								
Operating expense	**1,474**	1,489	**2,494**	2,477	**-**	-	**3,968**	3,966
Research and development	**338**	375	**-**	-	**-**	-	**338**	375
Depreciation and amortization	**599**	551	**258**	174	**-**	-	**857**	725
Asset impairment	**8,500**	-	**-**	-	**-**	-	**8,500**	-
Loss on sale of asset	**1**	-	**-**	-	**-**	-	**1**	-
	10,912	2,415	**2,752**	2,651	**-**	-	**13,664**	5,066
	(7,198)	1,617	**277**	390	**-**	-	**(6,921)**	2,007
General and administrative	**-**	-	**-**	-	**1,852**	2,215	**1,852**	2,215
Foreign exchange	**-**	-	**-**	-	**325**	654	**325**	654
Restructuring costs and other expenses	**-**	-	**-**	-	**632**	62	**632**	62
Finance costs	**-**	-	**-**	-	**191**	222	**191**	222
Income taxes	**-**	-	**-**	-	**3,368**	7	**3,368**	7
Net income (loss)	**(7,198)**	1,617	**277**	390	**(6,368)**	(3,160)	**(13,289)**	(1,153)
Purchase of property, equipment, and intangible assets	**1,029**	966	**-**	-	**-**	-	**1,029**	966

Nine months ended September 30, ($ thousands)	**Software 2018**	Software 2017	**Field Services 2018**	Field Services 2017	**Corporate 2018**	Corporate 2017	**Total 2018**	Total 2017
Revenue								
Cloud based software	**5,925**	5,752	**-**	-	**-**	-	**5,925**	5,752
Software based services	**5,515**	6,525	**-**	-	**-**	-	**5,515**	6,525
Measurement services	**-**	-	**5,857**	6,591	**-**	-	**5,857**	6,591
Equipment and other revenue	**197**	227	**2,909**	3,247	**-**	-	**3,106**	3,474
	11,637	12,504	**8,766**	9,838	**-**	-	**20,403**	22,342
Expenses								
Operating expense	**4,609**	4,733	**7,467**	7,483	**-**	-	**12,076**	12,216
Research and development	**1,076**	1,060	**-**	-	**-**	-	**1,076**	1,060
Depreciation and amortization	**1,776**	1,628	**750**	548	**-**	-	**2,526**	2,176
Asset impairment	**8,500**	-	**-**	-	**-**	-	**8,500**	-
Loss on sale of asset	**-**	4	**-**	-	**-**	-	**-**	4
	15,961	7,425	**8,217**	8,031	**-**	-	**24,178**	15,456
	(4,324)	5,079	**549**	1,807	**-**	-	**(3,775)**	6,886
General and administrative	**-**	-	**-**	-	**6,186**	7,004	**6,186**	7,004
Foreign exchange	**-**	-	**-**	-	**(538)**	1,202	**(538)**	1,202
Restructuring costs and other expenses	**-**	-	**-**	-	**1,039**	55	**1,039**	55
Finance costs	**-**	-	**-**	-	**521**	781	**521**	781
Income taxes	**-**	-	**-**	-	**3,708**	(551)	**3,708**	(551)
Net income (loss)	**(4,324)**	5,079	**549**	1,807	**(10,916)**	(8,491)	**(14,691)**	(1,605)
Purchase of property, equipment, and intangible assets	**1,922**	1,859	**-**	-	**-**	-	**1,922**	1,859