Financial Statements of

Decisive Dividend Corporation

For the three months ended March 31, 2018

(Expressed in Canadian Dollars)

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The accompanying unaudited interim financial statements of Decisive Dividend Corporation ("the Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

DECISIVE DIVIDEND CORPORATION
Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	**$ 1,063,542**	$ 1,183,610
Accounts receivable	**3,615,099**	4,134,775
Inventory (note 4)	**4,562,309**	4,514,302
Prepaid expenses and deposits	**211,215**	307,576
Total current assets	**9,452,165**	10,140,263
Property and equipment	**1,677,626**	1,626,785
Intangible assets	**5,196,071**	5,107,069
Goodwill	**4,540,704**	4,445,421
Total assets	**$ 20,866,566**	$ 21,319,538
Liabilities		
Accounts payable and accrued liabilities (note 5)	**$ 3,080,089**	$ 3,610,375
Dividends payable	**186,505**	185,230
Warranty provision	**364,852**	339,466
Customer deposits	**288,325**	63,159
Current portion of long-term debt (note 6)	**936,000**	928,000
Total current liabilities	**4,855,771**	5,126,230
Long-term debt (note 6)	**7,271,865**	7,472,853
Deferred income taxes	**1,335,816**	1,359,000
Total liabilities	**13,463,452**	13,958,083
Equity		
Share capital (note 7)	**10,743,513**	10,574,867
Contributed surplus	**1,533,815**	1,504,972
Cumulative profit (loss)	**202,436**	(70,173)
Cumulative dividends (note 8)	**(4,906,107)**	(4,347,698)
	7,573,657	7,661,968
Accumulated other comprehensive loss	**(170,543)**	(300,513)
Total equity	**7,403,114**	7,361,455
Total liabilities and equity	**$ 20,866,566**	$ 21,319,538

Commitments and contingencies (note 14)
Subsequent events (notes 6 and 16)

Approved on behalf of the Board of Directors:

"James Paterson" Director *"Michael Conway"* Director

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

DECISIVE DIVIDEND CORPORATION

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

(Unaudited - Expressed in Canadian dollars)

		For the three months ended March 31, 2018		For the three months ended March 31, 2017
				(Revised - Note 2(a))
Sales	**$**	**5,461,692**	$	5,057,663
Manufacturing costs (note 9)		**3,195,871**		3,014,813
Gross profit		**2,265,821**		2,042,850
Expenses				
Amortization and depreciation		**183,675**		207,523
Financing costs (income) (note 10)		**(355,321)**		194,507
Occupancy costs		**138,248**		126,023
Professional fees		**138,489**		20,576
Salaries, wages and benefits		**1,171,573**		1,059,084
Selling, general and administration		**732,904**		594,249
		2,009,568		2,201,962
Operating profit (loss)		**256,253**		(159,112)
Other items				
Interest income		**1,356**		2,592
Profit (loss) before taxes		**257,609**		(156,520)
Income tax expense (recovery)				
Current		**44,000**		48,430
Deferred		**(59,000)**		(20,000)
		(15,000)		28,430
Profit (loss) for the period		**272,609**		(184,950)
Other comprehensive income:				
Foreign operation currency translation differences		**129,970**		126,698
Total comprehensive income (loss) for the period	**$**	**402,579**	$	(58,252)
Earnings (loss) per share (note 7):				
Basic		**0.05**		(0.03)
Diluted		**0.04**		n/a
Weighted average shares outstanding (note 7):				
Basic		**5,976,910**		5,793,850
Diluted		**6,731,028**		5,997,591

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

DECISIVE DIVIDEND CORPORATION

Consolidated Statements of Changes in Equity

(Unaudited - Expressed in Canadian dollars)

	Share Capital			Deficit		Accumulated Other	
	Number	Amount	Contributed Surplus	Cumulative Dividends	Cumulative Profit (Loss)	Comprehensive Loss	Total Equity
Balance, January 1, 2017	5,763,163	$ 9,853,828	$ 1,505,956	$ (2,200,522)	$ (579,010)	$ 239,329	$ 8,819,581
Shares issued under ESPP (note 7)	21,704	74,958	-	-	-	-	74,958
Exercise of stock options (note 7)	24,500	92,685	(43,685)	-	-	-	49,000
Exercise of agent warrants (note 7)	33,360	129,956	(48,877)	-	-	-	81,079
Share-based payment awards (note 7)	-	-	127,111	-	-	-	127,111
Total comprehensive loss for the period (note 7)	-	-	-	-	(184,950)	126,698	(58,252)
Dividends declared (note 7)	-	-	-	(488,281)	-	-	(488,281)
Balance, March 31, 2017	**5,842,727**	**10,151,427**	**1,540,505**	**(2,688,803)**	**(763,960)**	**366,027**	**8,605,196**
Shares issued under ESPP (note 7)	4,089	12,021	9,203	-	-	-	21,224
Exercise of agent warrants (note 7)	34,228	176,750	(74,065)	-	-	-	102,685
Acquisition vendor shares released from escrow (note 7)	73,333	234,666	(234,666)	-	-	-	-
Share-based payment awards (note 7)	-	-	263,998	-	-	-	263,998
Total comprehensive loss for the period (note 7)	-	-	-	-	693,787	(666,540)	27,247
Dividends declared (note 7)	-	-	-	(1,658,895)	-	-	(1,658,895)
Balance, December 31, 2017	**5,954,377**	**10,574,867**	**1,504,972**	**(4,347,698)**	**(70,173)**	**(300,513)**	**7,361,455**
Shares issued under ESPP (note 7)	16,750	68,843	6,969	-	-	-	75,812
Exercise of stock options (note 7)	24,000	90,796	(42,796)	-	-	-	48,000
Exercise of agent warrants (note 7)	1,744	9,007	(3,774)	-	-	-	5,233
Share-based payment awards (note 7)	-	-	68,444	-	-	-	68,444
Total comprehensive income (loss) for the period	-	-	-	-	272,609	129,970	402,579
Dividends declared (note 8)	-	-	-	(558,409)	-	-	(558,409)
Balance, March 31, 2018	**5,996,871**	**$ 10,743,513**	**$ 1,533,815**	**$ (4,906,107)**	**$ 202,436**	**$ (170,543)**	**$ 7,403,114**

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

DECISIVE DIVIDEND CORPORATION

Consolidated Statements of Cash Flows

(Unaudited - Expressed in Canadian dollars)

		For the three months ended March 31, 2018		For the three months ended March 31, 2017
				(Revised - Note 2(a))
Operating activities				
Profit (loss)	**$**	**272,609**	$	(184,950)
Adjusted by:				
Amortization and depreciation		**236,888**		265,358
Interest and bank charges		**113,248**		116,572
Foreign exchange (gain) loss		**(468,569)**		77,935
Share-based compensation		**75,413**		127,111
Income tax expense		**44,000**		48,430
		273,589		450,456
Changes in non-cash operating working capital items (note 11)		**510,876**		1,287,527
		784,465		1,737,983
Income taxes paid		**-**		(425,590)
Cash provided by operating activities		**784,465**		1,312,393
Financing activities				
Proceeds from issuance of shares		**81,873**		205,038
Dividends paid		**(557,134)**		(455,611)
Proceeds from long-term debt		**27,445**		-
Repayment of long-term debt		**(220,433)**		(254,887)
Interest paid		**(113,248)**		(116,572)
Cash used in financing activities		**(781,497)**		(622,032)
Investing activities				
Settlement of Blaze King hold-back		**-**		34,342
Purchase of property and equipment		**(137,210)**		(177,030)
Cash used in investing activities		**(137,210)**		(142,688)
Increase (decrease) in cash and cash equivalents during the period		**(134,242)**		547,673
Cash and cash equivalents, beginning of period		**1,183,610**		1,447,451
Effect of movements in exchange rates on cash and cash equivalents		**14,174**		164,308
Cash and cash equivalents, end of period	**$**	**1,063,542**	$	2,159,432

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

1. Nature and Operations

Decisive Dividend Corporation (the "Company") was incorporated under the British Columbia Business Corporations Act on October 2, 2012 and is listed on the TSX Venture Exchange Inc. ("the Exchange"), trading under the symbol "DE". The address of the Company's head office is #201, 1674 Bertram Street, Kelowna, B.C. V1Y 9G4.

The Company is an acquisition-oriented corporation focused on opportunities in the manufacturing sector. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows.

As at March 31, 2018, the principal wholly-owned operating subsidiaries of the Company are Valley Comfort Systems Inc. ("VCSI"), Blaze King Industries ("Blaze King USA") and Unicast Inc. ("Unicast"). VCSI and Blaze King USA are referred to herein collectively as "Blaze King".

Blaze King's business historically experiences greater demand for its products in the third and fourth quarters of the calendar year and lower demand in the first and second quarters of the calendar year. This demand pattern is principally a result of the weather patterns in North America. Blaze King has substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term.

These consolidated financial statements comprise of the Company and its subsidiaries, collectively referred to as the "Group".

2. Basis of Preparation and Statement of Compliance

a) Statement of compliance

These interim condensed consolidated financial statements (the "interim financial statements") for the period ended March 31, 2018 have been 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, including IAS 34, Interim Financial Reporting.

Certain comparative amounts for the prior period have been reclassified to conform to the current period's presentation.

These interim financial statements were approved by the Audit Committee of the Company for issue on May 31, 2018.

b) Judgments

The preparation of financial statements requires management to make judgments that affect the application of accounting policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

There were no changes to the Group's critical accounting estimates and judgments from those described in the most recent annual financial statements.

c) *Accounting estimates and assumptions*

The preparation of financial statements in conformity with IFRS requires management to make estimates based on assumptions about future events that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

There were no changes to the Group's critical accounting estimates and judgments from those described in the most recent annual financial statements.

3. Significant Accounting Policies

The significant accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are the same as those disclosed in Note 3 to the Group's 2017 audited financial statements, except as described below under IFRS 9 and IFRS 15.

(i) IFRS 9: *Financial Instruments*

Effective January 1, 2018, the Group adopted IFRS 9: Financial Instruments. IFRS 9 superseded IAS 39: Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition, measurement, impairment and derecognition of financial assets and liabilities, as well as general hedge accounting. The Group adopted IFRS 9 on a retrospective basis without restatement of comparative financial information. The adoption of IFRS 9 has had no impact on the Group's interim financial statements or opening retained earnings.

Under IFRS 9 the Group measures financial assets at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under IFRS 9 the Group measures financial liabilities initially at fair value and subsequently at amortized cost.

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. Under IFRS 9, credit losses are recognized earlier than under IAS 39. The Group has elected to measure loss allowances for trade receivables at an amount equal to lifetime ELCs, which are the ELCs expected to result from all possible default events over the life of a financial instrument. There was no material effect on the carrying value of the Group's financial assets under IFRS 9 related to this new requirement.

(Expressed in Canadian dollars)

(ii) IFRS 15: *Revenue from Contracts with Customers*

Effective January 1, 2018, the Group adopted IFRS 15: *Revenue from Contracts with Customers*. IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The standard establishes a framework based on transfer of control for determining how much and when revenue is recognized and includes expanded disclosure requirements for annual financial statements. Adoption of IFRS 15 has had no impact on the Group's interim financial statements or on opening retained earnings and did not result in a restatement of comparative figures. The Group did not use practical expedients in its adoption of IFRS 15.

4. Inventory

	March 31, 2018	December 31, 2017
Raw materials and parts	**$ 2,267,889**	$ 1,894,552
Work in progress	**266,067**	427,090
Finished goods	**2,028,353**	2,192,660
	$ 4,562,309	$ 4,514,302

5. Accounts Payable and Accrued Liabilities

	March 31, 2018	December 31, 2017
Trade payables	**$ 2,325,492**	$ 2,597,325
Wages payable	**203,156**	505,609
Due to former shareholders of Unicast Inc.	**(6,099)**	(6,099)
Income taxes payable	**557,540**	513,540
	$ 3,080,089	$ 3,610,375

(Expressed in Canadian dollars)

6. Long-term Debt

		March 31, 2018		December 31, 2017
Bank of Nova Scotia demand loan paid through monthly instalments of $70,833 monthly plus interest at the bank's prime rate plus 1.25% interest. The loan matures in June 2020, at which point the residual $5,950,000 is repayable in full, net of debt issuance costs (see note 16)	**$**	**7,933,333**	$	8,145,833
Bank of Nova Scotia term equipment finance loan repayable at US$815 monthly including interest at 5.78% maturing in January 2021		**25,988**		-
Trumpf Finance term loan paid through monthly instalments of US$5,865 monthly including interest at 4.15% interest. The loan matures in July 2021 and is secured by property, plant and equipment		**282,179**		292,454
		8,241,500		8,438,287
Less: current portion		**(936,000)**		(928,000)
Long-term portion	**$**	**7,305,500**	$	7,510,287
Less: debt issuance costs		**(33,635)**		(37,434)
Total long-term debt	**$**	**7,271,865**	$	7,472,853

- The Group has an unused operating loan facility authorized up to $4,000,000 (subsequent to the period end - $5,000,000 – see note 16), bearing interest at the lender's prime rate plus 0.75%.
- The Group has an equipment financing revolving line facility authorized up to $1,000,000, bearing interest at the lender's base leasing rate, plus a spread to be determined at the time of the transaction. The Group has $974,012 available on this facility.
- The operating loan facility and the debt are secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees.

Principal payments required over the next four years are estimated as follows:

2019	$	936,000
2020		941,000
2021		6,327,000
2022		37,500
		8,241,500
Less: current portion		(936,000)
Long-term portion	$	7,305,500

(Expressed in Canadian dollars)

7. Share Capital

The Company has the following shares issued and outstanding (excluding 219,999 shares held in escrow issued on the purchase of Unicast, determined to be share based compensation under IFRS 2):

	Shares		Amount
Balance as at December 31, 2016	5,763,163	$	9,853,828
Shares issued under ESPP	25,793		86,979
Exercise of stock options	24,500		92,688
Exercise of agent warrants	67,588		306,706
Acquisition vendor shares released from escrow	73,333		234,666
Balance as at, December 31, 2017	**5,954,377**		**10,574,867**
Shares issued under ESPP	16,750		68,843
Exercise of stock options	24,000		90,796
Exercise of agent warrants	1,744		9,007
Balance as at March 31, 2018	**5,996,871**	**$**	**10,743,513**

Common shares that remain in escrow are as follows:

	March 31, 2018	December 31, 2017
In relation to:		
The Company's qualifying transaction	**-**	142,125
Acquisition of Blaze King	**-**	49,500
Acquisition of Unicast	**274,998**	274,998
	274,998	466,623

The Company has the following warrants outstanding and exercisable:

Warrants	Number of options		Weighted average exercise price ($)		Weighted average grant date fair value ($)	Weighted average years remaining
Outstanding and exercisable, December 31, 2016	122,576	$	2.84	$	1.95	0.79
Warrants issued in the period	-		-		-	-
Warrants exercised in the period	(67,588)		2.67		1.79	-
Warrants expired in the period	(1,125)		2.00		0.88	-
Outstanding and exercisable, December 31, 2017	**53,863**	**$**	**3.00**	**$**	**2.16**	**0.46**
Warrants issued in the period	-		-		-	-
Warrants exercised in the period	(1,744)		3.00		2.16	0.23
Outstanding and exercisable, March 31, 2018	**52,119**	**$**	**3.00**	**$**	**2.16**	**0.23**

(Expressed in Canadian dollars)

The Company has granted stock options to various officers, directors, and employees of the Company as follows:

Stock Options	Number of options		Weighted average exercise price ($)		Weighted average grant date fair value ($)	Weighted average years remaining
Outstanding and exercisable, December 31, 2016	530,500		2.87		1.91	8.71
Options exercised during the period	(24,500)		2.00		1.78	-
Outstanding and exercisable, December 31, 2017	**506,000**	**$**	**2.92**	**$**	**1.91**	**7.89**
Options exercised during the period	(24,000)		2.00		1.78	-
Oustanding and exercisable, March 31, 2018	**482,000**	**$**	**2.96**	**$**	**1.92**	**7.64**

8. Dividends

The Company's dividend policy is to pay cash dividends on or about the 15th of each month to shareholders of record on the last business day of the previous month. The Company's Board of Directors regularly examines the dividends paid to shareholders.

The following dividends were declared and paid during the three-month period ended March 31, 2018 and the year ended December 31, 2017, other than the March 31 and December 31 dividends, which are paid subsequent to period end:

		2018				2017		
Month		**Per share ($)**		**Dividend Amount ($)**		**Per share ($)**		**Dividend Amount ($)**
January	$	0.03		185,951	$	0.025	$	151,668
February		0.03		185,951		0.025		152,531
March		0.03		186,506		0.03		184,082
April		-		-		0.03		184,082
May		-		-		0.03		184,082
June		-		-		0.03		184,082
July		-		-		0.03		184,113
August		-		-		0.03		184,113
September		-		-		0.03		184,265
October		-		-		0.03		184,265
November		-		-		0.03		184,663
December		-		-		0.03		185,230
Total	**$**	**0.09**	**$**	**558,408**	**$**	**0.35**	**$**	**2,147,176**

(Expressed in Canadian dollars)

9. Manufacturing Costs

		March 31, 2018		March 31, 2017
Labour and materials	**$**	**2,626,921**	$	2,244,633
Freight and shipping		**474,342**		422,594
Depreciation		**53,213**		57,835
Fair value adjustment of Unicast inventory on acquisition		**-**		148,518
Inventory obsolescence allowance		**-**		13,298
Warranty charges		**41,395**		127,935
	$	**3,195,871**	$	3,014,813

10. Financing Costs (Income)

Details of the items included in financing costs (income) are as follows:

		March 31, 2018		March 31, 2017
Interest and bank charges	**$**	**23,370**	$	33,297
Interest on long-term debt		**89,878**		83,275
		113,248		116,572
Foreign exchange (gains) losses		**(468,569)**		77,935
	$	**(355,321)**	$	194,507

11. Working Capital

The changes in non-cash operating working capital items are as follows:

		March 31, 2018		March 31, 2017
Accounts receivable	**$**	**786,255**	$	568,862
Inventory		**(48,007)**		(235,428)
Prepaid expenses and deposits		**96,361**		3,322
Accounts payable and accrued liabilities		**(574,285)**		590,219
Customer deposits		**225,166**		332,447
Warranty provision		**25,386**		28,105
	$	**510,876**	$	1,287,527

(Expressed in Canadian dollars)

12. Financial Instruments and Risk Management

The contractual maturities of financial instruments, including operating leases, are as follows:

March 31, 2018	**Carrying value**	**Total contractual cash flows**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Accounts payable	$ 3,080,089	$ 3,080,089	$ 3,080,089	$ -	$ -
Dividends payable	186,505	186,505	186,505	-	-
Long-term debt	8,207,865	9,295,718	1,298,667	7,997,051	-
Leases	767,490	767,490	316,449	441,141	9,900
	$ 12,241,949	$ 13,329,802	$ 4,881,710	$ 8,438,192	$ 9,900

December 31, 2017	**Carrying value**	**Total contractual cash flows**	**Less than 1 year**	**1 - 5 years**	**More than 5 years**
Accounts payable	$ 3,610,375	$ 3,610,375	$ 3,610,375	$ -	$ -
Dividends payable	185,230	185,230	185,230	-	-
Long-term debt	8,400,853	9,280,743	1,286,344	7,994,399	-
Leases	849,743	849,743	320,870	513,033	15,840
	$ 13,046,201	$ 13,926,091	$ 5,402,819	$ 8,507,432	$ 15,840

The Group had the following trade accounts receivable:

	March 31, 2018		December 31, 2017	
Current	**$ 2,245,451**	***66.9%***	$ 2,022,261	*59.3%*
31-60 days	**648,988**	***19.3%***	813,701	*23.9%*
61-90 days	**252,733**	***7.5%***	192,595	*5.6%*
>90 days	**211,481**	***6.3%***	380,810	*11.2%*
	$ 3,358,653	***100.0%***	$ 3,409,367	*100.0%*

The Group’s functional currency for Blaze King USA and Unicast is the US dollar (“USD”), while all other entities in the Group have a Canadian dollar functional currency (“CAD”), and the reporting currency is the Canadian dollar; therefore, the Group’s earnings and total comprehensive income are in part impacted by fluctuations in the value of USD in relation to CAD.

(Expressed in Canadian dollars)

The table below summarizes the quantitative data about the Group's exposure to currency risk:

	Entities with a CAD functional currency		Entities with a USD functional currency		
2018	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 73,549	$ 442,541	$ 121,183	$ 426,269	**$ 1,063,542**
Accounts receivable	940,060	294,639	361,310	2,019,090	**3,615,099**
Accounts payable	(1,057,364)	(72,721)	(586,042)	(1,363,962)	**(3,080,089)**
Dividend payable	(186,505)	-	-	-	**(186,505)**
Long-term debt	(148,360)	(308,167)	(7,751,338)	-	**(8,207,865)**
Net exposure	(378,620)	356,292	(7,854,887)	1,081,397	**(6,795,818)**
5% strengthening USD vs. CAD:					
Impact on profit (loss)		$ 17,815	$ 392,744		**$ 410,559**

	Entities with a CAD functional currency		Entities with a USD functional currency		
2017	**CAD**	**USD**	**CAD**	**USD**	**Total**
Cash	$ 86,245	$ 933,783	$ (262,923)	$ 426,505	**$ 1,183,610**
Accounts receivable	758,746	-	717,803	2,658,226	**4,134,775**
Accounts payable	(1,378,994)	-	(390,321)	(1,841,060)	**(3,610,375)**
Dividend payable	(185,230)	-	-	-	**(185,230)**
Long-term debt	(456,243)	(292,454)	(7,652,156)	-	**(8,400,853)**
Net exposure	(1,175,476)	641,329	(7,587,597)	1,243,671	**(6,878,073)**
5% strengthening USD vs. CAD:					
Impact on profit (loss)		$ 32,066	$ 379,380		**$ 411,446**

The calculations above are based on the Group's consolidated statement of financial position exposure at March 31, 2018.

The Group is exposed to interest rate risk on its credit facility and long-term debt due to the interest rate on these facilities being variable. The Group does not enter into derivative contracts to manage this risk. The table below summarizes the quantitative data about the Group's exposure to interest rate risk:

Interest rate risk	**March 31, 2018**	December 31, 2017
Floating instruments	**$ 8,207,865**	$ 8,400,853
Average balance	**8,304,359**	8,646,707
Impact on profit (loss) of a change in interest rates:		
-1%	**83,000**	86,500
+1%	**$ (83,000)**	$ (86,500)

13. Related Party Transactions

The Group's related parties consist of directors, officers and key management or companies associated with them.

Key management, including directors and officers of the Group, are those personnel having the authority and responsibility for planning, directing, and controlling the Group.

Salaries and benefits, bonuses and share-based payments are included in compensation expenses.
Key management compensation for the threemonth period ended March 31, 2018 included $62,765 of salary and benefits (March 31, 2017 - $60,518).

14. Commitments and Contingencies

On January 3, 2017, the Company announced that it had been made aware of a notice of motion filed with the Ontario Superior Court by Constance Weller, Gerald Weller, Adrianne Latimour and Tara Pengally, the plaintiffs in a civil claim (the "Claim") requesting an order granting the plaintiffs leave to amend their statement of claim to, among other things, add two of the Company's subsidiaries, Valley Comfort Systems Inc. and Blaze King Industries Canada Ltd. as defendants to the Claim.

Under the Claim, the four individual plaintiffs seek aggregate damages against the defendants of $11,000,000, plus aggregate punitive, aggravated or exemplary damages of $10,000,000, $200,000 in damages pursuant to the Family Law Act (Ontario) and prejudgment interest, costs and such other relief as the court deems just.

Management of the Company believes that the Claim against the named subsidiaries is without merit and, in the event that court grants the motion allowing the statement of claim to be amended, each of the named subsidiaries will vigorously defend themselves against the Claim.

In the event that the requested motion is granted and damages are ultimately awarded against the named subsidiaries, management of the Company believes damages of up to $10,000,000 would be insured, which is the limit on the insurance policy. The named subsidiaries have notified their insurance company of the notice of motion.

Contractual commitments are defined as agreements that are enforceable and legally binding. Certain of the contractual commitments may contain cancellation clauses; the Company discloses the contractual operating commitments based on management's intent to fulfill the contracts.

Various tax and legal matters are outstanding from time to time. In the event that managements' estimate of the future resolution of these matters changes, the Group will recognize the effects of these changes in the consolidated financial statements on the date such changes occur.

(Expressed in Canadian dollars)

15. Segmented Information

The Group's reporting is prepared on a geographic and consolidated basis as determined by the requirements of the Chief Executive Officer as the chief operating decision maker for the Group. The Company identifies and tracks the operations of its subsidiaries, Valley Comfort, Blaze King USA and Unicast, separately. Due to the direct and integrated relationship of Blaze King), whereby Valley Comfort is the manufacturer and Canadian wholesaler, and Blaze King USA is the United States wholesaler, the Group has determined that for segmentation purposes, they are considered one segment. In addition to Blaze King and Unicast, the Canadian public company parent ("Head Office") is considered a third and separate segment, as its function is an investment holding and management company.

The Group's segment reporting for the three months ended March 31, 2018 and 2017 is as follows:

March 31, 2018	**Blaze King**	**Unicast**	**Head Office**	**Total**
Sales	$ 3,261,965	$ 2,199,727	$ -	$ 5,461,692
Manufacturing costs	2,076,912	1,118,959	-	3,195,871
Gross margin	1,185,053	1,080,768	-	2,265,821
Profit (loss) before taxes	(117,506)	835,250	(460,135)	257,609
Income tax expense (recovery)	(49,000)	34,000	-	(15,000)
Profit (loss) for the period	(68,506)	801,250	(460,135)	272,609
Total comprehensive profit (loss) for the period	$ (8,341)	$ 871,055	$ (460,135)	$ 402,579

March 31, 2017	**Blaze King**	**Unicast**	**Head Office**	**Total**
Sales	$ 3,005,063	$ 2,052,600	$ -	$ 5,057,663
Manufacturing costs	1,788,180	1,226,633	-	3,014,813
Gross margin	1,216,883	825,967	-	2,042,850
Profit (loss) before taxes	89,188	60,333	(306,041)	(156,520)
Income tax expense (recovery)	(7,516)	35,946	-	28,430
Profit (loss) for the period	96,704	24,387	(306,041)	(184,950)
Total comprehensive profit (loss) for the period	$ 214,492	$ 33,297	$ (306,041)	$ (58,252)

The following is the geographic breakdown of revenues for the year ended March 31, 2018 and 2017 based on the location of the customer:

	March 31, 2018	March 31, 2017
Canada	$ **1,777,765**	$ 1,039,036
United States	**2,859,475**	3,247,242
Other	**824,452**	771,385
	$ **5,461,692**	$ 5,057,663

(Expressed in Canadian dollars)

The Group's segment reporting as at March 31, 2018 and December 31, 2017 is as follows:

March 31, 2018	**Blaze King**	**Unicast**	**Head Office**	**Total**
Total current assets	$ 4,811,214	$ 4,581,856	$ 59,095	$ 9,452,165
Total current liabilities	1,530,323	1,848,581	1,476,867	4,855,771
Total assets	9,505,594	11,301,877	59,095	20,866,566
Total liabilities	$ 2,385,961	$ 2,532,531	$ 8,544,960	$ 13,463,452

December 31, 2017	**Blaze King**	**Unicast**	**Head Office**	**Total**
Total current assets	$ 5,512,794	$ 4,591,728	$ 35,741	$ 10,140,263
Total current liabilities	1,406,413	2,373,049	1,346,768	5,126,230
Total assets	10,332,616	10,951,181	35,741	21,319,538
Total liabilities	$ 2,449,617	$ 2,558,531	$ 8,949,935	$ 13,958,083

Due to the nature of the markets that the Company and its subsidiaries operate in, the Group is not dependent on any single customer for a significant portion of their sales revenues.

16. Events after the Reporting Period

(i) Dividends declared:

Subsequent to March 31, 2018 and before these financial statements were authorized, the Group announced the following dividends:

- a dividend of $0.03 per share was declared on April 15, 2018 for shareholders of record on April 30, 2018 and was paid on May 15, 2018; and
- a dividend of $0.03 per share was declared on May 15, 2018 for shareholders of record on May 31, 2018 and will be paid on June 15, 2018.

(ii) Acquisition of Slimline Manufacturing Ltd. ("Slimline"):

Subsequent to March 31, 2018 but before these financial statements were authorized for issue, the Group entered into an agreement to acquire all of the issued and outstanding common shares of Slimline, a privately-held specialty manufacturing company for an aggregate purchase price of $7.0 million, plus up to an additional $1.5 million contingent on Slimline meeting certain earnings targets. The purchase consideration is comprised of cash and common shares. The cash portion of the consideration will be financed through a combination of debt financing from the Group's senior lender and the issuance of common shares. The closing of the Slimline Acquisition is subject to, among other things, regulatory approval, third party consents and the Group securing financing.

Subsequent to the period end, the Group received commitment from its senior lender to refinance the existing debt and increase the total outstanding by $6.0 million to fund the cash portion of the acquisition on substantially similar terms to its existing debt. $2.0 million of the facility is repayable on November 11, 2018 should the Hawk transaction (see below) not be completed by that date. Additionally, the revolving term line has been increased from $4.0 million to $5.0 million. There were no changes to financial covenants.

The transaction was completed on May 30, 2018.

The acquisition date fair value of the assets acquired and liabilities assumed in the transaction have not yet been determined. Additionally, the fair value of the intangible assets is pending completion of an independent valuation.

The initial accounting for assets acquired and liabilities assumed in the business combination will be determined provisionally, whereby subsequent adjustments to the allocation can be recognized if they occur within 12 months of the acquisition date. After 12 months, adjustments are recognized through profit or loss. The adjustments made as a result of finalizing the provisional accounting are retrospectively recognized from the acquisition date. As a result, adjustments to amortization will be retrospectively recorded to reflect the final accounting for the business combination.

(iii) Acquisition of Hawk Machine Works Ltd. ("Hawk"):

Subsequent to March 31, 2018 but before these financial statements were authorized for issue, the Group entered into an agreement to acquire all of the issued and outstanding common shares of Hawk, a privately-held computer numerical control (CNC) machining/fabrication company for an aggregate purchase price of $13.5 million. The purchase consideration is comprised of cash and common shares. The cash portion of the consideration will be financed through an equity financing.

The Group has signed an engagement letter with Industrial Alliance Securities Inc. to conduct a public offering on a best efforts basis, of a minimum of 2,875,000 common shares of the Corporation and up to a maximum of 3,250,000 common shares at a price of $4.00 per common share for minimum aggregate gross proceeds of $11,500,000 and maximum aggregate gross proceeds of $13,000,000 (subject to increase in the event that the Agent exercises its option, exercisable at any time up to closing, to sell up to an additional 487,500 common shares of the Corporation at a price of $4.00 per Common Share for additional gross proceeds of up to $1,950,000). In consideration of the services rendered by the investment banking group, the Corporation has agreed to pay an aggregate fee equal to up to 7.0% of the gross proceeds of the offering, payable in cash; and issue up to 7.0% of the gross proceeds in common share purchase warrants.

The financing will enable the Corporation to close the Hawk Acquisition, which is targeted for no later than June 30, 2018.

The acquisition date fair value of the assets acquired and liabilities assumed in the transaction have not yet been determined. Additionally, the fair value of the intangible assets is pending completion of an independent valuation.

The initial accounting for assets acquired and liabilities assumed in the business combination will be determined provisionally, whereby subsequent adjustments to the allocation can be recognized if they occur within 12 months of the acquisition date. After 12 months, adjustments are recognized through profit or loss. The adjustments made as a result of finalizing the provisional accounting are retrospectively recognized from the acquisition date. As a result, adjustments to amortization will be retrospectively recorded to reflect the final accounting for the business combination.