

Financial Statements of



Decisive Dividend

— Corporation —

For the three and six months ended June 30, 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 CORPORATIONInterim Condensed Consolidated Statements of Financial Position
(Unaudited -Expressed in Canadian dollars)

	June 30, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ -	\$ 1,183,610
Accounts receivable	7,431,143	4,134,775
Inventory (note 5)	7,968,825	4,514,302
Prepaid expenses and deposits	482,780	307,576
Total current assets	15,882,748	10,140,263
Property and equipment	5,555,148	1,626,785
Intangible assets	8,122,393	5,107,069
Goodwill	13,582,124	4,445,421
Total assets	\$ 43,142,413	\$ 21,319,538
Liabilities		
Bank indebtedness	\$ 169,205	\$ -
Accounts payable and accrued liabilities (note 6)	4,800,744	3,610,375
Dividends payable	312,460	185,230
Warranty provision	366,866	339,466
Customer deposits	8,300	63,159
Current portion of long-term debt (note 7)	1,600,000	928,000
Total current liabilities	7,257,575	5,126,230
Long-term debt (note 7)	12,280,837	7,472,853
Deferred income taxes	1,664,960	1,359,000
Total liabilities	21,203,372	13,958,083
Equity		
Share capital (note 8)	26,652,125	10,574,867
Contributed surplus	1,285,672	1,504,972
Cumulative loss	(59,159)	(70,173)
Cumulative dividends (note 9)	(5,600,371)	(4,347,698)
	22,278,267	7,661,968
Accumulated other comprehensive loss	(339,226)	(300,513)
Total equity	21,939,040	7,361,455
Total liabilities and equity	\$ 43,142,413	\$ 21,319,538

Commitments and contingencies (note 15)

Subsequent events (note 17)

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

Interim Condensed Consolidated Statements of Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2018	June 30, 2017 <i>(Note 2(a))</i>	June 30, 2018	June 30, 2017 <i>(Note 2(a))</i>
Sales	\$5,301,725	\$4,903,048	\$10,763,417	\$9,960,711
Manufacturing costs (note 10)	3,010,229	2,673,715	6,206,100	5,688,528
Gross profit	2,291,496	2,229,333	4,557,317	4,272,183
Expenses				
Amortization and depreciation	104,633	130,966	288,308	338,489
Financing costs (income)(note 11)	43,182	244,000	(312,139)	438,507
Occupancy costs	136,299	115,911	274,547	241,934
Professional fees	384,035	44,153	522,524	64,729
Salaries, wages and benefits	1,343,710	1,186,532	2,515,283	2,245,616
Selling, general and administration	601,975	572,380	1,334,879	1,166,629
	2,613,834	2,293,942	4,623,402	4,495,904
Operating loss	(322,338)	(64,609)	(66,085)	(223,721)
Other items				
Interest income	343	8,845	1,699	11,437
Loss before taxes	(321,995)	(55,764)	(64,386)	(212,284)
Income tax expense (recovery)				
Current	(30,400)	28,536	13,600	76,966
Deferred	(30,000)	(20,000)	(89,000)	(40,000)
	(60,400)	8,536	(75,400)	36,966
Loss for the period	\$(261,595)	\$(64,300)	\$11,014	\$(249,250)
Other comprehensive income (loss):				
Foreign operation currency translation differences	(168,683)	(85,378)	(38,713)	41,320
Total comprehensive loss for the period	\$(430,278)	\$(149,678)	\$(27,699)	\$(207,930)
Loss per share (note 8):				
Basic	(0.04)	(0.01)	(0.00)	(0.04)
Diluted	n/a	n/a	n/a	n/a
Weighted average number of shares outstanding: (note 8):				
Basic	6,092,748	5,821,260	6,090,454	5,782,814
Diluted	6,707,894	6,635,350	6,705,542	6,596,904

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

DECISIVE DIVIDEND CORPORATION

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited -Expressed in Canadian dollars)

	Share Capital		Contributed Surplus	Deficit		Accumulated Other Comprehensive Loss	Total Equity
	Number	Amount		Cumulative Dividends	Cumulative Profit (Loss)		
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 8)	21,704	74,958	-	-	-	-	74,958
Exercise of stock options (note 8)	24,500	92,688	(43,688)	-	-	-	49,000
Exercise of agent warrants (note 8)	33,360	129,956	(48,877)	-	-	-	81,079
Acquisition vendor shares released from escrow (note 8)	73,333	234,666	(234,666)	-	-	-	-
Share-based payment awards (note 8)	-	-	254,221	-	-	-	254,221
Total comprehensive loss for the period	-	-	-	-	(249,250)	41,320	(207,930)
Dividends declared	-	-	-	(1,040,526)	-	-	(1,040,526)
Balance, June 30, 2017	5,916,060	\$ 10,386,096	\$ 1,432,946	\$ (3,241,048)	\$ (828,260)	\$ 280,649	\$ 8,030,383
Balance, January 1, 2018	5,954,377	\$ 10,574,867	\$ 1,504,972	\$ (4,347,698)	\$ (70,173)	\$ (300,513)	\$ 7,361,455
Shares issued under ESPP (note 8)	16,750	68,843	13,503	-	-	-	82,346
Exercise of stock options (note 8)	41,000	174,540	(75,540)	-	-	-	99,000
Exercise of agent warrants (note 8)	48,978	252,920	(105,986)	-	-	-	146,934
Acquisition vendor shares released from escrow (note 8)	73,333	234,665	(234,665)	-	-	-	-
Share-based payment awards (note 8)	-	-	136,888	-	-	-	136,888
Shares issued to vendors on business acquisitions(note 4)	936,125	3,700,000	-	-	-	-	3,700,000
Shares issued for cash proceeds (note 8)	3,198,145	12,792,580	-	-	-	-	12,792,580
Share issuance costs (note 8)	-	(1,099,790)	-	-	-	-	(1,099,790)
Agent warrants issued as commission (note 8)	-	(46,500)	46,500	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(188,743)	(38,713)	(227,456)
Dividends declared	-	-	-	(1,252,673)	-	-	(1,252,673)
Balance, June 30, 2018	10,268,708	\$ 26,652,124	\$ 1,285,672	\$ (5,600,371)	\$ (258,916)	\$ (339,226)	\$ 21,939,040

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

DECISIVE DIVIDEND CORPORATIONInterim Condensed Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Operating activities		
Profit (Loss)	\$ 11,014	\$ (249,250)
Adjusted by:		
Amortization and depreciation	519,042	530,131
Interest and bank charges	255,458	233,130
Share-based compensation	150,391	254,221
Foreign exchange (gain) loss	(567,397)	205,377
Income tax expense	13,600	76,966
	381,908	1,050,575
Changes in non-cash operating working capital items (note 12)	(807,167)	(122,320)
	(425,259)	928,255
Income taxes paid	(519,876)	(254,258)
Cash provided by (used in) operating activities	(945,135)	673,997
Financing activities		
Proceeds from issuance of shares	12,207,323	205,038
Dividends paid	(1,125,443)	(1,007,856)
Proceeds from long-term debt	13,891,503	8,500,000
Repayment of long-term debt	(8,371,519)	(8,292,066)
Interest paid	(255,458)	(233,130)
Cash provided by (used in) financing activities	16,106,649	(828,014)
Investing activities		
Purchase of Slimline Manufacturing Ltd. (note 4)	(6,000,000)	-
Purchase of Hawk Machine Works Ltd. (note 4)	(10,800,000)	-
Purchase of property and equipment	(232,667)	(227,037)
Cash used in investing activities	(17,032,667)	(222,937)
Decrease in cash and cash equivalents during the period	(1,871,153)	(376,954)
Cash and cash equivalents, beginning of period	1,183,610	1,447,451
Effect of movements in exchange rates on cash and cash	4,916	253,429
Cash acquired	513,422	-
Cash and cash equivalents, end of period	\$ (169,205)	\$ 1,323,926

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

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

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 June 30, 2018, the principal wholly-owned operating subsidiaries of the Company are Valley Comfort Systems Inc. ("VCSI"), Blaze King Industries ("Blaze King USA"), Unicast Inc. ("Unicast"), Slimline Manufacturing Ltd. ("Slimline") and Hawk Machine Works Ltd. ("Hawk"). VCSI and Blaze King USA are referred to herein collectively as "Blaze King".

Slimline was acquired on May 30, 2018 and Hawk was acquired on June 28, 2018 (note 4).

The Company's interim results are impacted by seasonality factors primarily driven by weather patterns in North America, including the impact on planting and harvesting seasons. Blaze King's business historically experiences lower demand in the first and second quarters of the calendar year, Slimline's business historically experiences lower demand in the third quarter and Hawk's business historically experiences lower demand in the second quarter. In each subsidiary, there are substantial fixed costs that do not meaningfully fluctuate with product demand in the short-term. The Company continues to acquire subsidiaries that diversify the seasonality of the portfolio, such that the seasonality of the interim results will be relatively flat throughout the fiscal period.

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 June 30, 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 August 17, 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.

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

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.

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Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - 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. Acquisitions

(a) *Slimline Manufacturing Ltd.*

On May 30, 2018, the Company acquired all of the shares of Slimline, a privately-held agricultural and industrial machinery manufacturing company based in Penticton, British Columbia. Slimline is strategically complimentary to the Group's overall portfolio.

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

Cash	\$	6,000,000
Common shares	-	1,000,000
Contingent consideration		1,110,000
	\$	8,110,000

The purchase price includes an initial payment of cash and the issuance of common shares to the vendors, net of normal closing adjustments, plus an earn out if certain performance targets for the 12-month period ended July 31, 2018, up to a maximum of \$1,500,000 to be settled in cash and the issuance of common shares. The contingent consideration recorded by the Company reflects the estimated fair value of the performance target being met, at the purchase date. The preliminary purchase price allocation will be finalized later in 2018 when final settlement of working capital and other post-closing adjustments occur.

The Company is still determining the final allocation of the purchase price and expects to complete the allocation in the third quarter of 2018. The valuation of separately identifiable intangible assets was not complete at the time of this report and the table shows the combination of goodwill and intangible assets together.

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

The preliminary allocation of the purchase price the fair value of the assets acquired and liabilities assumed is, as follows:

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	\$	93,431
Accounts receivable		1,209,242
Prepays		130,144
Inventory		1,596,723
Property and equipment		1,728,104
Goodwill and intangible assets		3,978,896
Accounts payable and accrued liabilities		(465,540)
Future income tax		(161,000)
	\$	8,110,000

Goodwill is not deductible for income tax purposes.

The Group incurred acquisition-related costs of \$197,456 relating to legal fees, accounting fees, commissions and finders-fees, and due diligence costs. These costs have been included in professional fees in profit or loss.

Profit or loss includes a loss of \$577 for the period from acquisition to June 30, 2018. Had the business combination been effective from January 1, 2018, the Group would have recognized profit of \$1,097,172 in profit or loss for the period ended June 30, 2018.

(b) Hawk Machine Works Ltd.

On May 30, 2018, the Company acquired all of the shares of Hawk, a privately-held machining and tooling company based in Linden, Alberta. Hawk is strategically complimentary to the Group's overall portfolio.

The components of the consideration paid to acquire Hawk are as follows:

The following table summarizes the acquisition date fair value of each major class of consideration transferred:

Cash	\$	10,800,000
Common shares		2,700,000
	\$	13,500,000

The purchase price includes an initial payment of cash and the issuance of common shares to the vendors, net of normal closing adjustments. The preliminary purchase price allocation will be finalized later in 2018 when final settlement of working capital and other post-closing adjustments occur.

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
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(Unaudited - Expressed in Canadian dollars)

The Company is still determining the final allocation of the purchase price and expects to complete the allocation in the third quarter of 2018. The valuation of separately identifiable intangible assets was not complete at the time of this report and the table shows the combination of goodwill and intangible assets together.

The preliminary allocation of the purchase price the fair value of the assets acquired and liabilities assumed is, as follows:

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

Cash and cash equivalents	\$	419,991
Accounts receivable		2,626,649
Prepays		93,115
Inventory		1,752,152
Property and equipment		2,167,319
Goodwill and intangible assets		8,052,681
Accounts payable and accrued liabilities		(1,285,906)
Future income tax		(326,000)
	\$	13,500,000

Goodwill is not deductible for income tax purposes.

The Group incurred acquisition-related costs of \$144,036 relating to legal fees, accounting fees and due diligence costs. These costs have been included in professional fees in profit or loss.

Profit or loss includes profit of \$642 for the period from acquisition to June 30, 2018. Had the business combination been effective from January 1, 2018, the Group would have recognized revenue profit of \$1,583,653 in profit or loss for the period ended June 30, 2018.

5. Inventory

	June 30, 2018	December 31, 2017
Raw materials and parts	\$ 4,041,424	\$ 1,894,552
Work in progress	1,220,567	427,090
Finished goods	2,706,834	2,192,660
	\$ 7,968,825	\$ 4,514,302

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

6. Accounts Payable and Accrued Liabilities

	June 30, 2018		December 31, 2017
Trade payables	\$ 4,303,019	\$	2,597,325
Wages payable	496,560		505,609
Due to former shareholders of Unicast Inc.	(6,099)		(6,099)
Income taxes payable	7,264		513,540
	\$ 4,859,744	\$	3,610,375

7. Long-term Debt

	June 30, 2018		December 31, 2017
Bank of Nova Scotia demand loan repaid during the period	\$ -	\$	8,145,833
Bank of Nova Scotia demand loan paid through monthly instalments of \$124,887 monthly plus interest at the bank's prime rate plus 1.25% interest. The loan matures in May 2021, at which point the residual \$9,850,000 is repayable in full	13,595,946		-
Bank of Nova Scotia term equipment finance loan repayable at US\$815 monthly including interest at 5.78% maturing in January 2021	24,421		-
Trumpf Finance term loan paid through monthly instalments of US\$662 monthly including interest at 2.15% interest. The loan matures in April 2021 and is secured by property and equipment	28,728		-
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 and equipment	268,442		292,454
	13,917,537		8,438,287
Less: current portion	(1,600,000)		(928,000)
Long-term portion	12,317,537		7,510,287
Less: debt issuance costs	(36,700)		(37,434)
Total long-term debt	\$ 12,280,837	\$	7,472,853

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

- The Group has an operating loan facility authorized up to \$5,000,000 (2017 - \$4,000,000), 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 \$975,600 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. Additionally, the Group has agreed to maintain the following ratios (defined in the lending agreement) on a consolidated trailing 12-month basis, otherwise outstanding facilities are due on demand:
 - Maximum total funded debt to EBITDA of 3.5:1
 - Minimum Fixed Charge Coverage ratio of 1.1:1

As at June 30, 2018, the Group was in compliance with these ratios.

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

2018 (<i>remainder</i>)	\$	680,000
2019		1,600,000
2020		1,600,000
2021		10,037,537
		13,917,537
Less: current portion (<i>12 months</i>)	-	(1,600,000)
Long-term portion	\$	12,317,537

8. Share Capital

The Company has the following shares issued and outstanding:

	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	41,000	174,540
Exercise of agent warrants	48,978	252,920
Acquisition vendor shares released from escrow	73,333	234,665
Shares issued to vendors on business acquisitions	936,125	3,700,000
Shares issued for cash proceeds	3,198,145	12,792,580
Share issuance costs	-	(1,099,790)
Agent warrants issued as commission	-	(46,500)
Balance as at June 30, 2018	10,268,708	\$ 26,652,125

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

The number of common shares that remain in escrow are as follows:

	June 30, 2018	December 31, 2017
In relation to:		
The Company's qualifying transaction	-	142,125
Acquisition of Blaze King	-	49,500
Acquisition of Unicast	183,332	274,998
Acquisition of Slimline	257,733	-
Acquisition of Hawk	678,392	-
	1,119,457	466,623

The Company has the following warrants outstanding and exercisable:

Warrants	Number of warrants	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	206,473	4.00	0.23	1.50
Warrants exercised in the period	(48,978)	3.00	2.16	-
Warrants expired during the period	(4,885)	3.00	2.16	-
Outstanding and exercisable, June 30, 2018	206,473	\$ 4.00	\$ 0.23	1.50

DECISIVE DIVIDEND CORPORATION

Notes to the Condensed Interim Consolidated Financial Statements
For the six-month period ended June 30, 2018 and 2017
(Unaudited - 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 issued during the period	-	-	-	-
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 issued during the period	-	-	-	-
Options exercised during the period	(41,000)	2.41	1.84	-
Outstanding and exercisable, June 30, 2018	465,000	\$ 2.96	\$ 1.92	7.64

9. 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 six-month period ended June 30, 2018 and the year ended December 31, 2017, other than the June 30 and December 31 dividends, which are paid subsequent to period end:

Month	2018		2017	
	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	0.030	184,082
April	0.03	186,530	0.030	184,082
May	0.03	195,274	0.030	184,082
June	0.03	312,460	0.030	184,082
July	-	-	0.030	184,113
August	-	-	0.030	184,113
September	-	-	0.030	184,265
October	-	-	0.030	184,265
November	-	-	0.030	184,663
December	-	-	0.030	185,230
Total	\$ 0.180	\$ 1,252,673	\$ 0.350	\$ 2,147,176

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10. Manufacturing Costs

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Labour and materials	\$ 2,473,645	\$ 2,061,682	\$ 5,100,566	\$ 4,319,613
Freight and shipping	269,916	387,505	744,258	810,099
Depreciation	177,521	133,806	230,734	191,641
Fair value adjustment of inventory on acquisition	60,667	38,120	60,667	186,638
Warranty charges	28,480	52,602	69,875	180,537
	\$ 3,010,229	\$ 2,673,715	\$ 6,206,100	\$ 5,688,528

11. Financing Costs (Income)

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

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Interest and bank charges	\$ 28,249	\$ 20,236	\$ 51,619	\$ 53,533
Interest on long-term debt	113,960	96,322	203,839	179,597
	142,210	116,558	255,458	233,130
Foreign exchange (gains) losses	(99,028)	127,442	(567,597)	205,377
	\$ 43,182	\$ 244,000	\$ (312,139)	\$ 438,507

12. Working Capital

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

	For the six months ended	
	June 30, 2018	June 30, 2017
Accounts receivable	\$ 539,523	\$ 24,531
Inventory	(105,648)	(383,723)
Prepaid expenses and deposits	48,055	(163,999)
Accounts payable and accrued liabilities	(1,261,639)	482,837
Customer deposits	(54,858)	(77,971)
Warranty provision	27,400	(3,995)
	\$ (807,167)	\$ (122,320)

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13. Financial Instruments and Risk Management

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

June 30, 2018	Carrying value	Total contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
Accounts payable	\$ 4,800,744	\$ 4,800,744	\$ 4,800,744	\$ -	\$ -
Dividends payable	312,460	312,460	312,460	-	-
Long-term debt	13,880,837	15,581,288	2,222,529	13,358,759	-
Leases	2,272,511	2,272,511	604,184	1,344,367	323,960
	\$ 21,266,552	\$ 22,967,003	\$ 7,939,918	\$ 14,706,126	\$ 323,960

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	853,771	853,771	273,685	580,086	-
	\$ 13,050,229	\$ 13,930,119	\$ 5,355,634	\$ 8,574,485	\$ -

As at June 30, 2018, the Company had the following trade accounts receivable:

	June 30, 2018		December 31, 2017	
Current	\$ 4,356,120	69.8%	\$ 2,022,261	59.3%
31-60 days	671,643	10.8%	813,701	23.9%
61-90 days	257,416	4.1%	192,595	5.6%
>90 days	959,157	15.4%	380,810	11.2%
	\$ 6,244,336	100.0%	\$ 3,409,367	100.0%

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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.

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

June 30, 2018	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ 44,101	\$ 95,220	\$ (389,005)	\$ 80,479	\$ (169,205)
Accounts receivable	3,816,988	213,366	-	3,400,789	7,431,143
Accounts payable	(2,755,889)	-	(423,259)	(1,621,596)	(4,800,744)
Dividend payable	(312,460)	-	-	-	(312,460)
Long-term debt	(5,808,472)	(297,170)	(7,775,195)	-	(13,880,837)
Net exposure	(5,015,732)	11,416	(8,587,459)	1,859,672	(11,732,103)
5% strengthening USD vs. CAD:					
Impact on profit (loss)	\$	571	\$	429,373	\$ 429,944

December 31, 2017	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
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 June 30, 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	June 30, 2018	December 31, 2017
Floating instruments	\$ 13,880,837	\$ 8,400,853
Average balance	11,140,845	8,646,707
Impact on profit (loss) of a change in interest rates:		
-1%	111,400	86,500
+1%	\$ (111,400)	\$ (86,500)

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14. 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 six-month period ended June 30, 2018 included \$106,716 of salary and benefits (June 30, 2017 - \$93,596).

15. 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, Adrienne 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.

As part of normal operations, it is possible that the Company and its subsidiaries could become involved in litigation and claims from time-to-time. Other than the Claim noted above, Management is not presently aware of any litigation or claims where likelihood and quantum of liability can be reasonably estimated and which would materially affect the financial position or financial performance of the Company. Additionally, the Company may provide indemnifications, in the normal course of business, that are often standard contractual terms to counterparties in certain transactions, such as purchase and sale agreements or sales and service contracts. The terms of these indemnifications will vary based upon the contract and the nature of which prevents the Company from making a reasonable estimate of the maximum potential amounts that may be required to be paid. In the event that managements' estimate of the future resolution of these and other matters, including tax matters, changes, the Company will recognize the effects of these changes in the consolidated financial statements on the date such changes occur.

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A summary of the undiscounted liabilities and future operating commitments at June 30, 2018 are as follows:

		Total		Within One Year		Two to Five Years
Operating leases	\$	2,272,511	\$	604,184	\$	1,668,327

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.

16. 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, VCSI, Blaze King USA, Unicast, Slimline and Hawk 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, Unicast, Slimline and Hawk the Canadian public company parent ("Head Office") is considered a fifth and separate segment, as its function is an investment holding and management company.

The Group's segment reporting for the six-month period ended June 30, 2018 and 2017 is as follows:

June 30, 2018	Blaze King	Unicast	Slimline	Hawk	Head Office	Total
Sales	\$ 6,180,128	\$ 3,998,242	\$ 510,422	\$ 74,625	-	\$ 10,763,417
Manufacturing costs	3,798,413	1,947,665	407,784	52,238	-	6,206,100
Gross margin	2,381,715	2,050,577	102,638	22,387	-	4,557,317
Profit (loss) before taxes	63,652	1,117,060	(577)	802	(1,245,323)	(64,386)
Income tax expense (recovery)	(17,895)	(47,000)	-	160	(10,665)	(75,400)
Profit (loss) for the period	81,547	1,164,060	(577)	642	(1,234,658)	11,014
Total comprehensive profit (loss) for the period	\$ 185,323	\$ 1,021,571	\$ (577)	\$ 642	\$ (1,234,658)	\$ (27,699)

June 30, 2017	Blaze King	Unicast	Slimline	Hawk	Head Office	Total
Sales	\$ 5,645,995	\$ 4,314,716	-	-	-	\$ 9,960,711
Manufacturing costs	3,463,212	2,225,316	-	-	-	5,688,528
Gross margin	2,182,783	2,089,400	-	-	-	4,272,183
Profit (loss) before taxes	94,779	340,945	-	-	(648,008)	(212,284)
Income tax expense (recovery)	(29,636)	72,320	-	-	(5,718)	36,966
Profit (loss) for the period	124,415	268,625	-	-	(642,290)	(249,250)
Total comprehensive profit (loss) for the period	\$ 195,423	\$ 238,937	-	-	\$ (642,290)	\$ (207,930)

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The following is the geographic breakdown of revenues for the six-month period ended June 30, 2018 and 2017 based on the location of the customer:

	June 30, 2018	June 30, 2017
Canada	\$ 3,093,375	\$ 2,698,820
United States	6,713,858	6,490,506
Other	956,184	771,385
	\$ 10,763,417	\$ 9,960,711

The Group's segment reporting as at June 30, 2018 and December 31, 2017 is as follows:

June 30, 2018	Blaze King	Unicast	Slimline	Hawk	Head Office	Total
Total current assets	\$ 4,240,050	\$ 2,893,131	\$ 3,089,058	\$ 4,891,906	\$ 768,603	\$ 15,882,748
Total current liabilities	1,103,133	879,359	1,662,475	1,285,906	2,326,703	7,257,576
Total assets	8,909,046	9,606,541	8,746,317	15,111,906	768,603	43,142,413
Total liabilities	\$ 1,934,557	\$ 1,547,485	\$ 1,823,475	\$ 1,611,906	\$ 14,285,949	\$ 21,230,372

December 31, 2017	Blaze King	Unicast	Slimline	Hawk	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.

17. Events after the Reporting Period

(a) *Financings*

Subsequent to June 30, 2018 and before these financial statements were authorized, the Group announced a second and final closing of their public offering. The Group issued and sold 539,355 common shares at a price of \$4.00 per share for aggregate gross proceeds of \$2,157,420.

(b) *Dividends declared:*

Subsequent to June 30, 2018 and before these financial statements were authorized, the Group announced the following dividends:

- a dividend of \$0.03 per share was declared on July 15, 2018 for shareholders of record on July 31, 2018 and was paid on August 15, 2018; and
- a dividend of \$0.03 per share was declared on August 15, 2018 for shareholders of record on August 31, 2018 and will be paid on September 14, 2018.