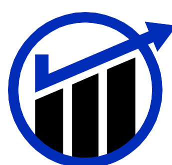
Financial Statements of



Decisive Dividend Corporation

For the years ended December 31, 2015 and December 31, 2014

(Expressed in Canadian Dollars)

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Grant Thornton

Independent auditor's report

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To the Shareholders of
Decisive Dividend Corporation

We have audited the accompanying consolidated financial statements of Decisive Dividend Corporation, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of earnings and comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Decisive Dividend Corporation as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Grant Thornton LLP

Vancouver, Canada
April 12, 2016

Chartered Professional Accountants

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DECISIVE DIVIDEND CORPORATION

Consolidated Statements of Financial Position
(Expressed in Canadian dollars)

		December 31, 2015		December 31, 2014
Assets				
Cash and cash equivalents	$	**291,068**	$	1,354,579
Accounts receivable (note 7)		**1,360,131**		5,438
Inventories (note 8)		**2,700,359**		-
Prepaid expenses and deposits		**365,768**		8,177
Total current assets		**4,717,326**		1,368,194
Property, plant and equipment (note 9)		**963,387**		-
Intangible assets (note 10)		**2,499,001**		-
Goodwill (note 11)		**1,662,373**		-
Total assets	$	**9,842,087**	$	1,368,194
Liabilities				
Accounts payable and accrued liabilities (note 12)	$	**1,287,579**	$	126,995
Warranty provision (note 13)		**117,696**		-
Current portion of long-term debt (note 15)		**372,600**		-
Total current liabilities		**1,777,875**		126,995
Deferred taxes (note 17)		**775,000**		-
Long-term debt (note 15)		**2,962,833**		-
Total liabilities		**5,515,708**		126,995
Equity				
Share capital (note 16)				
Capital stock		**4,378,009**		1,560,558
Share options reserves		**310,780**		185,052
Accumulated other comprehensive income		**426,840**		-
Cumulative deficit		**(789,250)**		(504,411)
Total equity		**4,326,379**		1,241,199
Total liabilities and equity	$	**9,842,087**	$	1,368,194

Commitments and contingencies (note 24)
Events after the reporting period (note 26)

Approved on behalf of the Board of Directors:

"James Paterson" Director

"Michael Conway" Director

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

DECISIVE DIVIDEND CORPORATION

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in Canadian dollars)

		For the year ended December 31, 2015		For the year ended December 31, 2014
Sales	**$**	**13,301,335**	$	-
Cost of goods sold (note 6)		**7,729,960**		-
Gross profit		**5,571,375**		-
Expenses				
Amortization and depreciation		**245,723**		-
Interest and bank charges		**197,592**		-
Rent and occupancy		**243,587**		-
Professional fees		**353,915**		226,618
Compensation		**1,799,089**		-
Selling, general and administration		**1,775,702**		93,940
Total expenses		**4,615,608**		320,558
Income (loss) before other items and income taxes		**955,767**		(320,558)
Other items				
Interest income		**-**		17,946
Gain on sale of equipment		**21,848**		-
Total other items		**21,848**		17,946
Income (loss) before income tax		**977,615**		(302,612)
Income tax expense (note 17)				
Current tax expense		**549,000**		-
Deferred tax expense		**40,000**		-
Total income tax expense		**589,000**		-
Net income (loss)	**$**	**388,615**	$	(302,612)
Other comprehensive income				
Foreign currency translation adjustment		**426,840**		-
Total comprehensive income (loss)	**$**	**815,455**	$	(302,612)
Net income (loss) per common share (note 21):				
Basic		**$0.11**		$(0.14)
Diluted		**$0.11**		$(0.14)
Weighted average shares outstanding (note 21):				
Basic		**3,421,535**		2,090,000
Diluted		**3,478,031**		2,090,000

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

DECISIVE DIVIDEND CORPORATION

Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Capital Stock					
	Number	Amount	Share Reserves	Accumulated Other Comprehensive Income	Cumulative Deficit	Total Equity
Balance, January 1, 2014	2,090,000	$ 1,560,558	$ 185,052	$ -	$ (201,799)	$ 1,543,811
Comprehensive loss for the year	-	-	-	-	(302,612)	(302,612)
Balance, December 31, 2014	**2,090,000**	**$ 1,560,558**	**$ 185,052**	**$ -**	**$ (504,411)**	**$ 1,241,199**
Shares issued on private placement less issuance costs of $308,814 (note 16)	1,004,250	1,699,686	-	-	-	1,699,686
Shares issued on acquisition (note 16)	330,000	576,090	-	-	-	576,090
Exercise of stock options (note 16)	319,100	520,850	(195,750)	-	-	325,100
Exercise of warrants (note 16)	7,220	20,825	(6,385)	-	-	14,440
Issuance of stock options (note 16)	-	-	265,694	-	-	265,694
Issuance of warrants on private placement (note 16)	-	-	62,169	-	-	62,169
Comprehensive income for the year	-	-	-	426,840	388,615	815,455
Dividends declared (note 22)	-	-	-	-	(673,454)	(673,454)
Balance, December 31, 2015	**3,750,570**	**$ 4,378,009**	**$ 310,780**	**$ 426,840**	**$ (789,250)**	**$ 4,326,379**

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

DECISIVE DIVIDEND CORPORATION

Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

		For the year ended December 31, 2015		For the year ended December 31, 2014
Operating activities				
Net income (loss)	**$**	**388,615**	$	(302,612)
Items not affecting cash:				
Amortization and depreciation		**379,608**		-
Interest and bank charges		**197,592**		-
Stock based compensation		**265,694**		-
Gain on sale of equipment		**(21,848)**		-
Income taxes		**589,000**		-
		1,798,661		(302,612)
Change in non-cash operating working capital:				
Accounts receivable		**(371,684)**		(3,053)
Inventory		**(726,600)**		-
Prepaids		**(91,410)**		(2,927)
Accounts payable and accrued liabilities		**(177,708)**		99,057
Warranty liabilities		**12,438**		-
		443,697		(209,535)
Interest paid		**(197,592)**		-
Income taxes paid		**(31,858)**		-
Cash provided by (used in) operating activities		**214,247**		(209,535)
Financing activities				
Proceeds from issuance of shares		**2,348,040**		-
Proceeds from long-term debt		**3,613,000**		-
Repayment of long-term debt		**(277,567)**		-
Share issuance costs		**(246,645)**		-
Cash dividends		**(579,690)**		-
Cash provided by financing activities		**4,857,138**		-
Investing activities				
Purchase of PGR Ventures Inc.		**(5,940,000)**		-
Capital assets purchase		**(233,860)**		-
Proceeds from sale of capital assets		**22,876**		-
Cash used in investing activities		**(6,150,984)**		-
Impact of foreign exchange on cash		**16,088**		-
Decrease in cash and cash equivalents during the year		**(1,063,511)**		(209,535)
Cash and cash equivalents, beginning of the year		**1,354,579**		1,564,114
Cash and cash equivalents, end of the year	**$**	**291,068**	$	1,354,579

Supplemental disclosure with respect to cash flows (note 23)

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

1. Nature and Operations

Decisive Dividend Corporation (the "Company", or "Decisive") was incorporated under the British Columbia Business Corporations Act on October 2, 2012 and was classified as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the TSX Venture Exchange Inc. ("the Exchange"). The address of the Company's registered office is #104, 1420 St. Paul Street, Kelowna, B.C., V1Y 2E6.

On February 27, 2015, the Company announced that it had acquired all of the issued and outstanding shares of PGR Ventures Inc. ("PGR") (the "PGR Shares"). PGR owns all of the issued and outstanding shares of Valley Comfort Systems Inc. ("Valley Comfort"), which owns all of the issued and outstanding shares of Blaze King Industries, Inc. ("Blaze King USA") and Blaze King Industries Canada Ltd. ("Blaze King Canada"). PGR, Valley Comfort, Blaze King USA and Blaze King Canada are referred to herein collectively as the "PGR Companies". The Share Purchase Agreement contains standard representations, warranties and covenants for a transaction of this nature. The PGR Companies specialize in producing and selling high-quality, high-efficiency wood burning stoves.

On February 25, 2015 the Company completed a brokered private placement offering (the "Private Placement") of subscription receipts ("Subscription Receipts"). The 1,004,250 Subscription Receipts of the Company that were issued at a price of $2.00 per Subscription Receipt were each exchanged, for no additional consideration, for one Common Share pursuant to the subscription receipt agreement entered into on February 25, 2015 among the Company, Industrial Alliance Securities Inc. and Computershare Trust Company of Canada ("Computershare"). The $2,008,500 in gross proceeds raised pursuant to this offering was released from escrow, less the fees of Computershare.

This transaction constituted a "Qualifying Transaction" ("QT") for purposes of the Exchange and on March 13th, 2015 the shares were approved for trading under the symbol "DE". Additional information on the transaction is disclosed in Note 5.

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

2. Basis of Preparation and Statement of Compliance

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IAS").

The consolidated financial statements were approved by the Board of Directors of the Company and authorized for issue on April 12, 2016.

b) Basis of Measurement

The consolidated financial statements have been prepared using the historical cost basis specified by IFRS for each type of asset, liability, income and expense as set out in the accounting policies below, except for certain financial assets and liabilities which are measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting.

2. Basis of Preparation and Statement of Compliance (Continued)

c) Presentation currency

The consolidated financial statements are presented in Canadian dollars.

d) 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.

In making judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. There are no known trends, commitments, events or uncertainties that management believes will materially affect the methodology or assumptions utilized in making those estimates and judgments in these financial statements.

The critical judgments that the Company's management has made in the application of the accounting policies include functional currency and income tax, which are described in note 3.

e) Accounting estimates and assumptions

The preparation of the Company's consolidated 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.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively in the period in which the estimate is revised.

Areas that require significant estimates and assumptions as the basis for determining the stated amounts include, but are not limited to, the following:

i. Business Combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability.

The Company's acquisition of PGR has been accounted for using the acquisition method of accounting. Under the acquisition method, the acquiring company adds to its statement of financial position the estimated fair values of the acquired company's assets and assumed liabilities. There are various assumptions made when determining the fair values of the acquired company's assets and assumed liabilities. The most significant assumptions and those requiring the most judgment involve the estimated fair values of intangible assets.

2. Basis of Preparation and Statement of Compliance (Continued)

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued by the Company.

The initial recognition of intangible assets acquired that require critical accounting estimates are manufacturing technology, customer relationships, and brand name. To determine the fair value of the manufacturing technology intangible asset, the Company adopted the multi-period excess earning method. This valuation technique values the intangible assets based on the discounting of the excess earnings. The prospective earnings of the manufacturing technology were isolated by identifying and subtracting earnings attributable to the contributory assets, thereby estimating the ‘excess earnings’ of the manufacturing technology. Significant assumptions include, among others, the determination of projected revenues, cash flows, obsolescence rates, discount rates and anticipated average income tax rates.

To determine the fair value of the customer relationships intangible asset, the Company adopted the distributor method. This valuation technique values the intangible assets based on the discounting of the customer relationships’ specific cash flows. Under a distributor method approach, the cash flows considered were those a distributor would earn from the existing customers, net of the contributory assets, necessary to support the customer relationships. Significant assumptions include, among others, the determination of projected revenues, cash flows, attrition rates, discount rates and anticipated average income tax rates. To determine the fair value of the brand name intangible asset, the Company adopted the relief from royalty method. This valuation technique values the intangible assets based on the present value of the expected after-tax royalty cash flow stream using a hypothetical licensing arrangement. Significant assumptions include, among others, the determination of projected revenues, royalty rate, discount rates and anticipated average income tax rates.

ii. Depreciation and Amortization of Long-lived Assets

The Company makes estimates about the expected useful lives of long-lived assets and the expected residual values of the assets based on the estimated current fair value of the assets. Changes to these estimates, which can be significant, could be caused by changes in the utilization of major manufacturing equipment and buildings and uncertainties relating to technological obsolescence. Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Generally, these adjustments are accounted for on a prospective basis, through depreciation and amortization expense.

iii. Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each assets or cash-generating unit (“CGU”) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

iv. Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

2. Basis of Preparation and Statement of Compliance (Continued)

v. Warrant liabilities

The Company provides for warranty expenses by analyzing historical failure rates, warranty claims, current sales levels and current information available about returns based on warranty periods. Uncertainty relates to the timing and amount of actual warranty claims which can vary from the Company's estimation.

3. Significant Accounting Policies

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries disclosed in note 1. All inter-company balances, transactions, revenues and expenses have been eliminated on consolidation.

Control exists where the parent entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

b) Revenue recognition

The Company recognizes product revenue when the title has been passed to the customer, at the time the effective control of the product and the risks and rewards of ownership have been passed to the buyer.

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding sales taxes, and reduced by any rebates and trade discounts allowed.

c) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each consolidated entity in the Decisive group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the year ended December 31, 2015, the Company has determined that Blaze King USA has a United States dollar functional currency, while all the other entities have a Canadian dollar functional currency. The consolidated financial statements are presented in Canadian dollars, which is the Company's presentation currency.

The financial statements of entities that have a functional currency different from that of the Company ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the appropriate average rate of the period (where this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

3. Significant Accounting Policies (Continued)

If the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If the Company disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income.

d) Operating expenses

Operating expenses are recognized in profit or loss upon utilization of the service or as incurred. Changes in expenditure for warranties is recognized when the Company incurs an obligation, which is typically when the related goods are sold.

e) Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses. Refer to note 11 for a description of impairment testing procedures.

f) Other intangible assets

Intangible assets are recorded at cost. The Company has some intangible assets with indefinite lives (which include Brand) which are not amortized, and other intangible assets with finite lives that are amortized as follows:

Customer relationships	5 year straight line basis
Manufacturing technology	10 year straight line basis

The depreciation method and estimates of useful lives ascribed to other identifiable intangible assets are reviewed at least each financial year end and if necessary amortization is adjusted on a prospective basis.

3. Significant Accounting Policies (Continued)

g) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is determined at rates which will reduce original cost to estimated residual value over the expected useful life of each asset. The expected useful lives used to compute depreciation is as follows:

Building and facilities	10 year straight line basis
Portable structures	10% declining-balance basis
Equipment	20% declining-balance basis
Computers and software	30% to 100% declining-balance basis
Automobiles	30% declining-balance basis

h) Impairment – non financial and indefinite life assets

The carrying amount of the Company's non-financial assets (which include property, plant and equipment, and intangibles with a definite life) is reviewed at each financial reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

The carrying amount of the Company's indefinite life assets (which include Brand and Goodwill) is tested for impairment annually or more frequently if events or changes in circumstances indicate that the assets may be impaired. The assessment of indefinite life is reviewed each period to determine whether the indefinite life assumption continues to be supportable. If deemed unsupportable, the change in the useful life from indefinite to finite life is made and amortization recognized on a prospective basis. An impairment loss is recognized when the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognized in profit or loss for the period.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value-in-use, management estimates expected future cash flows from each CGU and determines a suitable discount rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each CGU and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for each CGU reduce first the carrying amount of any goodwill allocated to that CGU. Any remaining impairment loss is charged pro rata to the other assets in the CGU. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount, however, not to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years. An impairment loss with respect to goodwill is never reversed.

3. Significant Accounting Policies (Continued)

i) Financial instruments

i. Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are de-recognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is de-recognized when it is extinguished, discharged, cancelled or expires.

ii. Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement of financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition (1) loans and receivables or (2) financial assets at fair value through profit or loss ("FVTPL").

All financial assets except for those at FVTPL are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognized in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

iii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of the discounting is immaterial. The Company's cash and cash equivalents, and accounts receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

3. Significant Accounting Policies (Continued)

iv. Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchases and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. The Company does not have any financial instruments classified as fair value through profit or loss.

v. Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity other than loans and receivables. Investments are classified as held to maturity if the company has the intention and ability to hold them until maturity.

Held-to-maturity investments are initially measured at fair value, including transaction costs and subsequently at amortized cost using the effective interest method. Any changes in the carrying amount of the investment are recognized in profit or loss. The Company does not have any held-to-maturity investments.

vi. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories and are initially measured at fair value. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income or loss. When an instrument is derecognized, the cumulative gain or loss in other comprehensive income or loss is transferred to profit or loss. The Company does not have any available-for-sale financial assets.

vii. Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include debt and accounts payable and accrued liabilities.

Financial liabilities are measured subsequently at amortized cost using the effective interest method except for financial liabilities designated as FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

j) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

3. Significant Accounting Policies (Continued)

k) Income taxes

Provision for income taxes consists of current and deferred tax expense. Income tax expense is recognized in the statement of income (loss) and comprehensive income (loss) except to the extent that it relates to items recognized either in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or in equity, respectively. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences associated with the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income or loss and temporary differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

l) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

m) Short-term employee benefits

Short-term employee benefits, including holiday pay, are current liabilities included in employee obligations, measured at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

n) Provisions, contingent assets and contingent liabilities

Provisions for product warranties (which include the PGR Companies' wood stove warranty), legal disputes and onerous contracts or other claims are recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognized only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

3. Significant Accounting Policies (Continued)

Any reimbursement that the Company is virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognized if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

o) Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in equity. Common shares held by the Company are classified as treasury stock and recorded as a reduction to equity.

p) Share-based payments and share options reserves

Certain employees and directors of the Company receive a portion of their remuneration in the form of share options. The fair value of the share options, determined at the date of the grant, is charged to earnings or loss, with an offsetting credit to share-based payment reserve, over the vesting period. If and when the share options are exercised, the applicable original amounts of share-based payment reserve are transferred to issued capital.

The fair value of a share-based payment is determined at the date of the grant. The estimated fair value of share options is measured using the Black-Scholes option pricing model. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and share price volatility. The expected term of options granted is determined based on historical data on the average hold period before exercise, expiry or cancellation. Expected volatility is estimated with reference to the historical volatility of the share price of the Company.

These estimates involve inherent uncertainties and the application of management's judgement. The costs of share-based payments are recognized over the vesting period of the option. The total amount recognized as an expense is adjusted to reflect the number of options expected to vest at each reporting date. At each reporting date prior to vesting, the cumulative compensation expense representing the extent to which the vesting period has passed and management's best estimate of the share options that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in earnings or loss with a corresponding entry to share-based payment reserve.

Share-based payments to non-employees are measured at the fair value of the goods or services received or the fair value of the equity instruments issued if it is determined that the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

No expense is recognized for share options that do not ultimately vest. Charges for share options that are forfeited before vesting are reversed from share-based payment reserve and credited to earnings or loss. For those share options that expire unexercised after vesting, the recorded value remains in share-based payment reserve.

3. Significant Accounting Policies (Continued)

q) Income (loss) per share

Basic income or loss per common share is computed by dividing the net income or loss applicable to common shares of the Company by the weighted average number of common shares issued and outstanding for the relevant period. Diluted loss or earnings per common share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

Stock options and warrants are included in the calculation of diluted income per share only to the extent that the market price of the common shares exceeds the exercise price of the share options or share purchase warrants except where such conversion would be anti-dilutive.

4. Recent Accounting Pronouncements

a) Accounting standards issued and effective January 1, 2016

The IASB issued amendments to IAS 16 *Property, Plant and Equipment*, and IAS 38 *Intangible Assets* to address depreciation and amortization methods which are based on revenue. The amendment to IAS 16 prohibits the use of a revenue-based depreciation method as this reflects a pattern other than the consumption of economic benefits consumed through the use of the asset. The amendment to IAS 38 introduced a rebuttable presumption that a revenue based amortization method for intangible assets is inappropriate. This presumption can be overcome only if the intangible asset is expressed as a measure of revenue or it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. Early application of this standard is permitted. The Company does not expect this amendment to have significant impact on its financial statements.

b) Accounting standards issued but not yet effective

IFRS 9 - *Financial Instruments* will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value. IFRS 9 has also been amended not to require the restatement of comparative period financial statements for the initial application of the classification and measuring requirements of IFRS 9, but instead requires modified disclosures on transition to IFRS 9. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption of this standard permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 15 - *Revenue from Contracts with Customers* will replace IAS 18 *Revenue* and IAS 11 *Construction Contracts*. The new standard provides guidance on whether revenue is to be recognized over time or at a point in time, and expands and improves disclosures about revenue. The standard does not apply to certain contracts such as lease, insurance, financing arrangements, and guarantees other than product warranties. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption of this standard permitted. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

IFRS 16 - *Leases* will replace IAS 17 - Leases. The new standard specifies how to recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15, has also been applied. The Company is currently evaluating the impact of the adoption of this standard on its consolidated financial statements.

5. Acquisitions

On February 27, 2015, the Company acquired all of the issued and outstanding common shares of PGR, a privately-held hearth products manufacturing company for an aggregate purchase price of $6,600,000 plus working capital and capital expenditure adjustments. The fair value of the total consideration paid was $6,915,105. The Company accounted for the acquisition using the acquisition method and the results of PGR's operations have been included in the consolidated financial statements from the date of the acquisition.

Goodwill acquired with PGR primarily comprises the expertise and reputation of the assembled workforce. In addition to the consideration paid at closing, the final purchase price was subject to adjustment based on working capital. Goodwill and intangible assets acquired are $3,440,824 and are non-deductible for income tax purposes.

The allocation of the purchase price of the net identifiable assets based on their estimated fair values at the date of acquisition is as follows:

ASSETS		
Cash	$	195,006
Accounts receivable and prepaids		1,243,290
Inventory		1,973,759
Property, plant and equipment		927,284
Refundable deposits		5,900
Manufacturing technology		1,189,113
Customer relationships		423,136
Brand		972,566
	$	6,930,054
LIABILITIES		
Bank indebtedness		101,025
Accounts payable and accrued liabilities		664,675
Warranty provision		105,258
Deferred income tax liability on acquisition		735,000
		1,605,958
Total identifiable net assets	$	5,324,096
Goodwill on acquisition		1,591,009
Purchase consideration	**$**	**6,915,105**

The accounts receivable and prepaids fair value was equal to its contractual value, and all amounts were expected to be collected, as applicable.

5. Acquisitions (Continued)

The Company acquired the following in property, plant and equipment:

Automotive equipment	$	10,128
Manufacturing equipment		820,571
Office equipment		13,693
Computer equipment		36,718
Portable buildings		9,196
Leasehold improvements		36,978
	$	**927,284**

The Company incurred acquisition costs of $176,527 (2014 - $150,728), which were expensed through the statement of income under professional fees expense. This amount was comprised of due diligence, filing, legal and accounting costs. PGR's revenues and pre-tax net income for the ten month period since acquisition date were $13,301,335 and $1,912,420, respectively.

Due to the lack of IFRS specific data prior to the acquisition, pro forma profit or loss of the combined entity for any periods prior to the acquisition cannot be readily determined.

The fair value of the purchase consideration is comprised of the following:

Cash	$	5,940,000
Common shares – 330,000 with a deemed value of $2.00 per share		660,000
Working capital adjustment		359,288
Capital expenditure adjustment		39,727
Common shares – fair value adjustment		(83,910)
Total consideration paid	**$**	**6,915,105**

6. Cost of Goods Sold

		December 31, 2015		December 31, 2014
Labour and materials	**$**	**6,965,519**	$	-
Freight and shipping		**636,101**		-
Depreciation		**93,542**		-
Warranty charges		**34,798**		-
	$	**7,729,960**	$	**-**

7. Accounts Receivable

		December 31, 2015		December 31, 2014
Trade receivables	**$**	**1,357,503**	$	-
Sales tax and other receivable		**2,628**		5,438
	$	**1,360,131**	$	5,438

Trade receivables include an allowance of doubtful amounts of $15,740 (December 31, 2014 - $nil).

8. Inventory

		December 31, 2015		December 31, 2014
Raw materials and parts	**$**	**1,240,055**	$	-
Work in progress		**219,976**		-
Finished goods		**1,240,328**		-
	$	**2,700,359**	$	**-**

The costs of inventories recognized as an expense for the year ended December 31, 2015 were $7,729,960 (2014 - $nil). During the years ended December 31, 2015 and 2014 there were no impairments to inventory. Amortization and depreciation of $40,343 is included in inventory for the year ended December 31, 2015 (December 31, 2014 - $nil).

9. Property and Equipment

	Automotive Equipment	Manufacturing equipment	Office Equipment	Computer Equipment	Portable Buildings	Leasehold Improvements	Total
Cost							
Balance, December 31, 2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Additions	-	53,393	1,169	179,298	-	-	233,860
Acquired through business combination (note 5)	10,128	820,571	13,693	36,718	9,196	36,978	927,284
Foreign exchange impact	-	10,975	-	-	-	-	10,975
Disposals	-	(131,710)	-	-	-	-	(131,710)
Balance, December 31, 2015	**$ 10,128**	**753,229**	**$ 14,862**	**$ 216,016**	**$ 9,196**	**$ 36,978**	**$ 1,040,409**
Accumulated Depreciation							
Balance, December 31, 2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Depreciation	2,532	133,886	2,399	36,074	766	32,043	207,700
Disposals	-	(130,678)	-	-	-	-	(130,678)
Balance, December 31, 2015	**$ 2,532**	**$ 3,208**	**$ 2,399**	**$ 36,074**	**$ 766**	**$ 32,043**	**$ 77,022**
Net Book Value							
Balance, December 31, 2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Balance, December 31, 2015	**$ 7,596**	**$ 750,021**	**$ 12,463**	**$ 179,942**	**$ 8,430**	**$ 4,935**	**$ 963,387**

10. Intangible Assets

	Manufacturing Technology	Customer Relationships	Brand	Total
Cost				
Balance, December 31, 2014	$ -	$ -	$ -	$ -
Acquired through business combination (note 5)	1,189,113	423,136	972,566	2,584,815
Foreign exchange impact	-	18,980	67,113	86,093
Balance, December 31, 2015	**$ 1,189,113**	**$ 442,116**	**$ 1,039,679**	**$ 2,670,908**
Accumulated Depreciation				
Balance, December 31, 2014	$ -	$ -	$ -	$ -
Depreciation	101,668	70,239	-	171,907
Balance, December 31, 2015	**$ 101,668**	**$ 70,239**	**$ -**	**$ 171,907**
Carrying amount at				
December 31, 2014	$ -	$ -	$ -	$ -
December 31, 2015	**$ 1,087,445**	**$ 371,877**	**$ 1,039,679**	**$ 2,499,001**

Brand has an indefinite life, which requires an impairment assessment annually usually in the fourth quarter of each year, or whenever events or changes in circumstances indicate that the carrying amount of Brand may not be recoverable.

For the purpose of the annual impairment testing, Brand is allocated to Blaze King, the CGU in which Brand belongs. The Company assesses Brand and Goodwill together as part of the annual impairment test for Blaze King. The impairment test on Blaze King is further described in note 11. The impairment test performed resulted in no impairment of Brand as at December 31, 2015.

11. Goodwill

	Goodwill
Balance, December 31, 2014	$ -
Acquired through business combination (note 5)	1,591,009
Foreign exchange impact	71,364
Balance, December 31, 2015	**$ 1,662,373**

For the purpose of the annual impairment testing, goodwill is allocated to Blaze King, the CGU in which goodwill belongs.

The recoverable amount of Blaze King was determined based on value in use calculations, covering a five-year forecast, followed by extrapolation of expected cash flows for the remaining useful life using growth rates for revenue estimated by management. The cash flow projection is based on the annual budget approved by the Board of Directors. The growth rate is approximately 6.0%. The present value of the expected cash flows is determined by applying a suitable discount rate. The discount rate for 2015 is 9%.

11. Goodwill (Continued)

The growth rates of revenue reflect the long-term average growth rates for the product lines and industry of the segment. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of the segment.

Management's key assumptions to cash flow forecasting include moderately increasing net profit margins, based on past experience and current trends in the markets that the segment operates. The Company believes that this is the best available input for forecasting cash flows.

The recoverable amount of Blaze King based on value in use exceeds its carrying value by approximately 67%.

The impairment test performed resulted in no impairment of Goodwill as at December 31, 2015.

Apart from the considerations in determining the value in use of the segment described above, the Company is not aware of any other probable changes that would necessitate changes in its key estimates. Sensitivity testing was conducted as a part of the 2015 annual test. If the discount rate used is increased by 1%, the recoverable amount of Blaze King would reduce by approximately $0.5 million, which is approximately $0.5 million above its carrying value.

12. Accounts Payable and Accrued Liabilities

		December 31, 2015		**December 31, 2014**
Trade payables	**$**	**522,684**	$	126,995
Wages payable		**143,071**		-
Taxes payable		**528,060**		-
Dividend payable		**93,764**		-
	$	**1,287,579**	$	126,995

13. Warranty Provision

		December 31, 2015		December 31, 2014
Warranty provision on acquisition	**$**	**105,258**	$	-
Warranty charges incurred		**(22,360)**		-
Warranty provision included in cost of goods sold		**34,798**		-
	$	**117,696**	$	**-**

14. Credit Facility

The Company has an operating loan facility authorized up to $2,000,000, bearing interest at the prime rate plus 0.75%. The operating loan facility and the debt described in note 15 are secured by a general security agreement, assignment of insurance, and guarantees.

In addition, the Company and its subsidiaries have agreed to maintain the following ratios as a group:

1. Debt service coverage of not less than 120%, based on a rolling four quarter test; and
2. Maintain a funded debt to earnings before interest, tax and amortization (EBITDA) ratio not exceeding a 3.0 multiple at date of funding and stepping down to a 2.75 multiple in 2016, a 2.50 multiple in 2017, and a 2.25 multiple in 2018, to be tested on a rolling four quarter average.

As at December 31, 2015, the Company was in compliance with these covenant ratios.

15. Long-term Debt

	December 31, 2015	December 31, 2014
Loan 1 [(1)]	**$ 3,237,500**	$ -
Loan 2 [(2)]	**97,933**	-
	3,335,433	-
Less: current portion	**(372,600)**	-
Long-term portion	**$ 2,962,833**	$ -

[(1)] Loan 1 is a term loan taken out by the Company in February 2015 for an original principal amount of $3.5 million paid through monthly instalments of $29,167 plus interest at the prime rate plus 1.5%. The loan matures in February 2020, at which point the residual amount of $1,750,000 is repayable in full.

[(2)] Loan 2 is a term loan taken out by the Company in April 2015 for an original principal amount of $113,000 paid through monthly instalments of $1,883 plus interest at the prime rate plus 1.5%. The loan matures in February 2020.

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

2016	$ 372,600
2017	372,600
2018	372,600
2019	372,600
2020	1,845,033
	3,335,433
Less: current portion	(372,600)
Long-term portion	$ 2,962,833

16. Share Capital

a) Offering of shares

The Company had the following capital stock transactions for the year ended December 31, 2015:

- On February 27, 2015, the Company completed its QT. In conjunction with this transaction, on February 25, 2015, the Company issued 1,004,250 common shares at a price of $2.00 per common share for gross proceeds of $2,008,500. The agents to the offering received a commission of 7% of total proceeds resulting in a total commission of $140,595. In addition, the agents were reimbursed for their legal fees and costs in the amount of $36,146. Legal costs and transfer agent fees associated with the financing incurred were $69,904. As a result, the total cash costs related to the offering were $246,645. An amount of $62,169 was recorded as share issuance costs resulting from the issuance of warrants, which bring the total share issuance cost of the offering to $308,814. The total shares that remain in escrow as at December 31, 2015 are 710,625 (December 31, 2014 – 947,500).
- On February 27, 2015, the Company issued 330,000 common shares for gross proceeds of $576,090.
- During September and October 2015, the Company issued 7,220 common shares on the exercise of warrants for a value of $20,825.
- During March 2015 through June 2015, the Company issued 319,100 common shares on the exercise of stock options for a value of $520,850.

The Company had no share capital transactions for the year ended December 31, 2014.

At December 31, 2015, there were 3,750,570 issued and outstanding common shares (December 31, 2014 - 2,090,000).

b) Warrants

In conjunction with the Company's February 25, 2015 offering, the Company issued warrants to purchase 70,298 common shares at an exercise price of $2.00 per common share, exercisable for a period of 24 months from February 25, 2015.

An amount of $62,169 was recorded as share issuance costs during the period ended June 30, 2015 for the estimated fair value of the warrants granted, using the Black-Scholes option–pricing model with the following assumptions: Dividend yield of $nil; expected volatility of 245%; risk-free interest rate of 0.46%; forfeiture rate of 0%; market price of $1.80 and weighted average life of 2 years. The warrants vested immediately on grant.

The Company has the following warrants outstanding and exercisable at December 31, 2015:

Warrants	Number of options	Weighted average exercise price ($)	Weighted average grant date fair value ($)	Weighted average years remaining
Outstanding and exercisable, December 31, 2014	-	-	-	-
Granted	70,298	2.00	0.88	1.17
Exercised	(7,220)	2.00	0.88	-
Outstanding and exercisable, December 31, 2015	**63,078**	**2.00**	**0.88**	**1.17**

16. Share Capital (Continued)

c) Stock options

The Company has a stock option plan, which allows the Company to issue options to the directors, officers, employees and consultants of the Company to purchase common shares of the Company at a stipulated price. The option grants will not exceed 10% of the issued and outstanding common shares of the Company. The Company measures these amounts at fair value at the grant date and compensation expense is recognized over the vesting period.

During the period ended December 31, 2015, the Company recorded an amount of $265,694 as stock compensation expense for the estimated fair value of the stock options granted on April 1, 2015, using the Black-Scholes option–pricing model with the following assumptions: Dividend yield of $nil; expected volatility of 234%; risk-free interest rate of 0.73%; forfeiture rate of 0%; market price of $1.80, and weighted average life of 5 years. The options vested immediately on grant.

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, 2014	313,100	1.00	0.59	-
Granted	149,000	2.00	1.78	4.25
Exercised	(319,100)	1.00	0.61	-
Outstanding and exercisable, December 31, 2015	**143,000**	**2.00**	**1.78**	**4.25**

17. Income Tax

For the year ended December 31, 2015, the Company incurred $549,000 of current tax expense (2014 - $nil). The increase in current tax expense in fiscal 2015 primarily relates to the taxable net income arising from the operations of Valley Comfort and Blaze King USA with taxable operations in Canada and the United State, respectively.

For the year ended December 31, 2015, the Company recognized $40,000 of deferred tax expense (2014 - $nil). The deferred tax expense in fiscal 2015 relates to the temporary differences arising from differences in the accounting and tax basis of Valley Comfort and Blaze King USA assets and liabilities.

a) Rate reconciliation

Income tax expense differs from the amount that would result by applying the combined Canadian federal and provincial income tax rate of 26% to earnings before income taxes. The Company's taxable income for the year ended December 31, 2015 is generated in the United States, which is subject to approximately a 34% tax rate and Canada which is subject to a 26% tax rate.

17. Income Tax (Continued)

The impact of being subject to certain higher tax rates, as well as other differences, is included in the following reconciliation:

	Years ended December 31, 2015	2014
Earnings (loss) before income taxes	**$ 977,615**	$ (302,612)
Combined Canadian federal and provincial income tax rates	**26.0%**	26.0%
Expected income tax expense (recovery)	**254,000**	(79,000)
Items that cause an increase (decrease):		
Effect of different tax rates in foreign jurisdiction	**54,000**	
Non-deductible amounts	**204,000**	(33,000)
Share issuance costs	**(64,000)**	-
Adjustment to prior years provision and other	**60,000**	-
Change in unrecognized temporary differences	**81,000**	112,000
Income tax expense	**$ 589,000**	$ -

	Years ended December 31, 2015	2014
Current income tax expense	**$ 549,000**	$ -
Deferred income tax expense	**40,000**	-
Income tax expense	**$ 589,000**	$ -

b) Deferred tax assets and liabilities

The composition of the Company's net deferred income tax liabilities at December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Deferred income tax liabilities:		
Property, plant and equipment	**$ 100,000**	$ -
Warranty liability	**(39,000)**	
Intangible assets	**714,000**	**-**
Deferred income tax liability	**$ 775,000**	**$ -**

The significant components of the Company's unrecognized deductible temporary differences at December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Deductible temporary differences:		
Share issuance costs	**$ 76,000**	$ 27,000
Intangible assets	**2,000**	-
Non-capital losses	**120,000**	88,000
Deductible temporary differences	**$ 198,000**	$ 115,000

17. Income Tax (Continued)

c) Non-capital losses and unused tax credits

At December 31, 2015, the Company has losses for income tax purposes in Canada of $463,000 (December 31, 2014 - $443,000) which may be used to reduce future taxable income. The losses, if not utilized, will expire beginning 2032 through to 2035. At December 31, 2015, the Company has deductible share issuance costs carried forward of $291,000 (December 31, 2014 - $128,000) which may be used to reduce future taxable income. At December 31, 2015, the Company has deductible intangible asset costs carried forward of $9,000 (December 31, 2014 - $nil) which may be used to reduce future taxable income. The deductions have no expiry period.

18. Financial Instruments and Risk Management

a) Fair value measurement of financial assets and liabilities and disclosure

The Company has established a fair value hierarchy that reflects the significance of inputs of valuation techniques used in making fair value measurements as follows

- Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

- Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are measured at amortized cost and approximate their fair value due to their short term nature.

The Company's financial assets and financial liabilities including long-term debt are measured at fair value by level within the fair value hierarchy described below. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

b) Fair value disclosures

At December 31, 2015 and 2014, long-term debt is measured and recognized in the consolidated statement of financial position at fair value as a level 2 financial instrument. Management determined that the fair value of the debt due to its interest rate approximately market lending rates, approximates the fair value.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities, approximate their fair value due to their short-term nature.

18. Financial Instruments and Risk Management (Continued)

c) Financial risk management

The Company's primary business activities consist of the acquisition of corporations in the manufacturing sector. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows to create a portfolio of diversified and strong returns. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include liquidity risk, credit risk, currency risk, and interest rate risk. The Company's risk management program strives to evaluate the unpredictability of financial and commodity markets and its objective is to minimize the potential adverse effects of such risks on the Company's financial performance, where financially feasible to do so. When deemed material, these risks may be monitored by the Company's corporate finance group and they are regularly discussed with the Board of Directors or one of its committees.

i. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Company's cash and cash equivalents are held in business accounts which are available on demand for the Company's programs. The accounts payable are due within 12 months of the dates on the statements of financial position. The debt matures in 2020 (note 15).

	Total	Within One Year	Two to Five Years
Long-term debt	$ 3,335,433	$ 372,600	$ 2,962,833

ii. Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if a counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by those counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair values contracts with individual counterparties which are recorded in the consolidated financial statements.

The Company's credit risk is predominantly limited to cash and cash equivalent balances held in financial institutions, and the recovery of the Company's accounts receivable. The maximum exposure to the credit risk is equal to the carrying value of such financial assets. At December 31, 2015, the Company expects to recover the full amount of such assets, less any allowance for doubtful accounts in accounts receivable (note 7).

As at December 31, 2015, the Company had the following accounts receivable ageing:

	Total	Current	31 - 60 days	61 - 90 days	90 days plus
Accounts Receivable	$ 1,360,131	$ 900,038	$ 332,199	$ 130,635	$ (2,741)

18. Financial Instruments and Risk Management (Continued)

The objective of managing counterparty credit risk is to minimize potential losses in financial assets. The Company assesses the quality of its counterparties, taking into account their credit worthiness and reputation, past performance and other factors.

Cash and cash equivalents are only deposited with or held by major financial institutions where the Company conducts its business. In order to manage credit and liquidity risk, the Company invests only in highly rated investment grade instruments that have maturities of three months or less. Limits are also established based on the type of investment, the counterparty and the credit rating.

Sales are made to customers the Company believes them to be of sound credit worthiness.

iii. Currency risk

The Company's functional currency for Blaze King USA is the US dollar, while all other entities in the group have a Canadian dollar functional currency, and the reporting currency is the Canadian dollar, therefore the Company's earnings and total comprehensive income are in part impacted by fluctuations in the value of the US dollar in relation to the Canadian dollar.

The table below summarizes the net monetary assets and liabilities held in foreign currencies:

		December 31, 2015		December 31, 2014
Net monetary assets	**$**	**1,982,430**	$	-
Net monetary liabilities		**(223,751)**		-
	$	**1,758,679**	$	**-**

The effect on net income before income tax at December 31, 2015 of a 10.0% change in the foreign currencies against the US dollar on the above mentioned net monetary assets and liabilities of the Company is estimated to be an increase/decrease of $175,868 (December 31, 2014 - $nil) assuming that all other variables remained constant.

The calculations above are based on the Company's statement of financial position exposure at December 31, 2015.

iv. Interest rate risk

The Company is exposed to interest rate risk on the credit facility and long term debt. The Company's exposure to interest rate risk is due to the credit facility and long term debt's interest rate being variable. The Company does not enter into derivative contracts to manage this risk.

As the Company's interest rate exposure is variable with the prime rate, the carrying value of the credit facility and long term debt approximates their fair values. At December 31, 2015, a 1.0% increase of the prime rate on the long term debt would increase interest expense by $153,000 (December 31, 2014 - $nil). Additionally, a 1.0% decrease of the prime rate on the long term debt would increase interest expense by $153,000 (December 31, 2014 - $nil).

The Company has elected not to enter into interest rate swaps or other instruments to actively manage such risks.

19. Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Company currently consists of equity and debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new shares or sell assets to fund operations. Management reviews its capital management approach on a regular basis. The Company is not subject to externally imposed capital requirements.

For the years ended December 31, 2015, and 2014, there were no changes in the Company's capital management policy.

The capital of the Company consists of the consolidated equity and debt, net of cash:

		December 31, 2015		December 31, 2014
Equity	**$**	**4,326,379**	$	1,241,199
Long-term debt		**3,335,433**		-
		7,661,812		1,241,199
Less: cash and cash equivalents		**(291,068)**		(1,354,579)
	$	**7,370,744**	$	(113,380)

20. Related Party Transactions

The Company's related parties consist of directors and officers or companies associated with them.

As disclosed in note 16, on April 1, 2015, the Company granted stock options to directors and officers of the Company to purchase 149,000 common shares at $2.00 per share. Compensation expense of $265,694 was recorded in the income statement regarding this transaction.

The Company incurred legal fees of $48,856 (2014 - $nil) with a law firm in which two directors of the Company were either a partner or employee. The amount outstanding at year-end was $1,321 (2014 - $14,711). The Company incurred rent and office expense of $nil (2014 - $2,250) to a company controlled by a director of the Company. The transactions were incurred in the normal course of operations and measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

Key management, including directors and officers of the Company, are those personnel having the authority and responsibility for planning, directing, and controlling the Company. Salaries and benefits, bonuses and share-based payments are included in compensation expenses.

Key management compensation includes:

		Years ended December 31,		
		2015		2014
Salaries and benefits	**$**	**110,093**	$	-
Share-based payments		**265,694**		-
	$	**375,787**	$	-

21. Income (Loss) Per Share

	Year ended December 31, 2015			Year ended December 31, 2014		
	Income for the year	**Weighted average shares outstanding**	**Income per share**	Loss for the year	Weighted average shares outstanding	Loss per share
Basic EPS	**$ 388,615**	**3,421,535**	**$ 0.11**	$ (302,612)	2,090,000	$ (0.14)
Effect of dilutive securities:	**-**	**56,496**	**-**	-	-	-
Diluted EPS	**$ 388,615**	**3,478,031**	**$ 0.11**	$ (302,612)	2,090,000	$ (0.14)

At December 31, 2015, 143,000 share options and 63,078 warrants were outstanding all of which were dilutive.

At December 31, 2014, 313,100 share options were outstanding, all of which were anti-dilutive because the Company was in a loss position for the year ended December 31, 2014.

22. 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 year ended December 31, 2015, other than the December 31, 2015 dividend which was paid subsequent to year end:

Month	**Record Date**	**Per Share**	**2015 Dividends Amount**
May	May 29, 2015	$ 0.020	$ 73,914
June	June 30, 2015	0.020	74,867
July	July 31, 2015	0.020	74,867
August	August 31, 2015	0.020	74,867
September	September 30, 2015	0.025	93,647
October	October 30, 2015	0.025	93,764
November	November 30, 2015	0.025	93,764
December (unpaid)	December 31, 2015	0.025	93,764
Total		**$ 0.18**	**$ 673,454**

23. Supplemental Disclosure with Respect to Cash Flows

During the year ended December 31, 2015, the Company issued 330,000 common shares with a value of $576,090 relating to the Acquisition (note 5), and 70,298 warrants with a value of $62,169 relating to the private placement of shares (note 16).

The Company had no significant non-cash transactions for the year ended December 31, 2014.

As at December 31, 2015, the Company had approximately $250,000 (USD$181,000) (December 31, 2014 - $nil) in cash held in United States Dollars.

24. Commitments and Contingencies

A summary of the undiscounted liabilities and future operating commitments at December 31, 2015 are as follows:

	Total	Within One Year	Two to Five Years
Operating leases	670,500	173,095	497,405

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 Company will recognize the effects of these changes in the consolidated financial statements on the date such changes occur.

25. Segmented Information

The Company'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 Company. The Company identifies and tracks the operations of each subsidiary separately, but due to the direct and integrated relationship of Valley and Blaze King USA operations (the "Blaze Group"), whereby Valley Comfort is the manufacturer and Canadian wholesaler, and Blaze King USA is the United States wholesaler, the Company has determined that for segmentation they are considered one segment while the Canadian public company parent (the "Decisive Group") considered a separate segment as its function is as an investment holding and management company.

The Company's segment reporting for the year ended December 31, 2015 is as follows:

	Decisive Group	Blaze Group	Total
Sales revenues	$ -	$ 13,301,335	$ 13,301,335
Cost of goods sold	-	7,729,960	7,729,960
Gross margin	-	5,571,375	5,571,375
Net income (loss) before income tax	(934,805)	1,912,420	977,615
Income tax expense	-	589,000	589,000
Net income (loss)	(934,805)	1,323,420	388,615
Comprehensive income (loss)	$ (934,805)	$ 1,750,260	$ 815,455

	Decisive	Blaze Group	Total
Total current assets	$ 77,489	$ 4,639,837	$ 4,717,326
Total current liabilities	435,842	1,342,033	1,777,875
Total assets	77,489	9,764,598	9,842,087
Total liabilities	$ 3,323,342	$ 2,192,366	$ 5,515,708

25. Segmented Information (Continued)

During the year ended December 31, 2014, the Company operated only in one reportable operating segment in Canada.

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

26. Events after the Reporting Period

a) The Company paid a dividend of $0.025 per share for the months of December 2016, January 2016, February 2016 and March 2016.

b) The Company declared a dividend of $0.025 per share for the month of April 2016.

c) PGR Ventures Inc. and Valley Comfort Systems Inc. were amalgamated as PGR Ventures Inc. on January 1, 2016. PGR Ventures Inc. changed its name to Valley Comfort Systems Inc. on January 4, 2016.