Financial Statements of

Decisive Dividend Corporation

For the six month period ended June 30, 2017 and 2016

(Expressed in Canadian Dollars)

NOTICE OF NO AUDIT OR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

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

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

DECISIVE DIVIDEND CORPORATION
Interim Condensed Consolidated Statements of Financial Position
(Unaudited - expressed in Canadian dollars)

	June 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	**$1,323,926**	$1,447,451
Accounts receivable (note 5)	**3,216,268**	3,448,317
Inventory (note 6)	**4,836,692**	4,452,969
Prepaids	**516,686**	352,687
Total current assets	**9,893,572**	9,701,424
Property, Plant and Equipment (note 8)	**1,669,323**	1,699,000
Intangible assets (note 9)	**5,742,797**	6,093,807
Goodwill (note 10)	**4,549,169**	4,719,987
Total assets	**$21,854,861**	$22,214,218
Liabilities		
Accounts payable and accrued liabilities (note 11)	**$2,710,750**	$2,352,555
Dividend payable	**184,082**	151,412
Warranty provision	**197,208**	201,203
Prepaid deposits	**15,149**	93,120
Current portion of long-term debt (note 12)	**929,152**	1,002,203
Total current liabilities	**4,036,341**	3,800,493
Deferred taxes	**1,880,795**	1,967,787
Long-term debt (note 12)	**7,907,342**	7,626,357
Total liabilities	**13,824,478**	13,394,637
Equity		
Share capital (note 13)		
Common shares	**10,386,093**	9,853,828
Share Reserves	**1,432,949**	1,505,956
Accumulated other comprehensive income	**280,649**	239,329
Cumulative earnings	**(828,260)**	(579,010)
Cumulative dividends (note 16)	**(3,241,048)**	(2,200,522)
Total equity	**8,030,383**	8,819,581
Total liabilities and equity	**$21,854,861**	$22,214,218

Commitments and contingencies (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 Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Three Months Ended		**Six Months Ended**	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Sales	**$4,902,307**	$2,254,369	**$9,959,970**	$4,842,000
Cost of goods sold (note 4)	**2,625,372**	1,325,000	**5,678,446**	2,805,157
Gross profit	**2,276,935**	929,369	**4,281,524**	2,036,843
Expenses				
Amortization and depreciation	**211,782**	80,550	**419,305**	156,295
Interest and bank charges	**116,558**	71,597	**233,130**	126,906
Occupancy	**114,652**	76,540	**234,544**	156,540
Professional fees	**49,205**	292,967	**72,939**	375,005
Compensation	**913,339**	519,752	**1,711,703**	893,979
Share-based Compensation	**127,110**	892,746	**254,221**	892,746
Selling, general and administration	**811,164**	513,658	**1,581,669**	1,093,337
Total expenses	**2,343,810**	2,447,810	**4,507,511**	3,694,808
Loss before other items and income taxes	**(66,875)**	(1,518,441)	**(225,987)**	(1,657,965)
Other items				
Interest income	**1,180**	61	**3,772**	1,247
Gain on sale of equipment	**2,141**	-	**2,141**	-
Total other items	**3,321**	61	**5,913**	1,247
Loss before income taxes	**(63,554)**	(1,518,380)	**(220,074)**	(1,656,718)
Income tax expense				
Current tax expense	**20,746**	(57,285)	**69,176**	(57,285)
Deferred tax expense	**(20,000)**	(5,000)	**(40,000)**	(10,000)
Total income tax (recovery) expense	**746**	(62,285)	**29,176**	(67,285)
Net Loss	**$(64,300)**	$(1,456,095)	**$(249,250)**	$(1,589,433)
Other comprehensive income				
Foreign currency translation adjustment (loss) income	**(85,378)**	(216,345)	**41,320**	(341,169)
Total comprehensive loss	**$(149,678)**	$(1,672,440)	**$(207,930)**	$(1,930,602)
Net (loss) income per common share (note 13):				
Basic and diluted	**(0.01)**	(0.37)	**(0.04)**	(0.40)
Weighted average shares outstanding (note 13):				
Basic	**5,821,260**	3,744,305	**5,782,814**	3,767,305

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)

	Capital Stock		Share	Accumulated Other Comprehensive	Cumulative	Total
	Number	**Amount**	**Reserves**	**Income**	**Deficit**	**Equity**
Balance, January 1, 2016	**3,750,570**	**$4,378,009**	**$310,780**	**$426,840**	**$(789,250)**	**$4,326,379**
Shares issued on ESPP (note 13)	10,830	35,197	-	-	-	35,197
issuance costs of $664,006 (note 13)	1,659,114	4,313,336	-	-	-	4,313,336
Shares issued on acquisition (note 13)	516,996	1,654,387	-	-	-	1,654,387
Exercise of stock options (note 13)	68,000	257,255	(121,255)	-	-	136,000
Issuance of warrants on private placement (note 13)	-	-	221,769	-	-	221,769
Issuance of stock options	-	-	892,746	-	-	892,746
Comprehensive loss for the period	-	-	-	(341,169)	(1,589,433)	(1,930,602)
Dividends declared (note 16)	-	-	-	-	(620,672)	(620,672)
Less: Common shares issued but not outstanding	(293,332)	(938,662)	127,111	-	-	(811,551)
Balance, June 30, 2016	**5,712,178**	**$9,699,522**	**$1,431,151**	**$85,671**	**$(2,999,355)**	**$8,216,989**
Exercise of agent warrants (note 13)	42,985	124,040	(38,039)	-	-	86,001
Exercise of stock options (note 13)	8,000	30,266	(14,266)	-	-	16,000
Comprehensive loss for the period	-	-	-	153,658	1,126,219	1,279,877
Dividends declared (note 16)	-	-	-	-	(906,396)	(906,396)
Less: Common shares issued but not outstanding	-	-	127,111	-	-	127,111
Balance, December 31, 2016	**5,763,163**	**$9,853,828**	**$1,505,957**	**$239,329**	**$(2,779,532)**	**$8,819,582**
Shares issued on ESPP (note 13)	21,704	74,958	-	-	-	74,958
Exercise of agent warrants (note 13)	33,360	129,956	(47,883)	-	-	82,073
Expiration of agent warrants (note 13)	-	-	(995)	-	-	(995)
Exercise of stock options (note 13)	24,500	92,685	(43,685)	-	-	49,000
Common shares released from Unicast escrow agreement (note 13)	73,333	234,666	(234,666)	-	-	-
Less: Common shares issued but not outstanding	-	-	254,221	-	-	254,221
Comprehensive loss for the period (note 16)	-	-	-	41,320	(249,250)	(207,930)
Dividends declared (note 16)	-	-	-	-	(1,040,526)	(1,040,526)
Balance as at June 30, 2017	**5,916,060**	**$10,386,093**	**$1,432,949**	**$280,649**	**$(4,069,308)**	**$8,030,383**

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

DECISIVE DIVIDEND CORPORATION
Consolidated Statements of Cash Flows
(Expressed in Canadian dollars)

	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
Operating activities		
Net (loss) income	**$(249,250)**	**$(1,589,433)**
Items not affecting cash:		
Amortization and depreciation	**530,131**	**231,703**
Interest and bank charges	**233,130**	**126,906**
Stock based compensation	**254,221**	**892,746**
Gain on sale of assets	**(2,141)**	**-**
Income taxes	**69,176**	**(67,285)**
	835,267	**(405,363)**
Change in non-cash operating working capital		
Accounts receivable	**232,049**	**456,003**
Inventory	**(383,723)**	**(242,868)**
Prepaids	**(163,999)**	**101,552**
Accounts payable and accrued liabilities	**358,195**	**(659,749)**
Prepaid deposits	**(77,971)**	**-**
Warranty liabilities	**(3,995)**	**(5,744)**
	795,823	**(756,169)**
Deferred taxes	**(86,992)**	**-**
Interest paid	**(233,130)**	**(126,906)**
Income taxes paid	**(69,176)**	**57,285**
Cash used in operating activities	**(389,298)**	**(69,621)**
Financing activities		
Proceeds from issuance of shares	**205,038**	**4,687,627**
Proceeds from long-term debt	**8,500,000**	**5,500,000**
Repayment of long-term debt	**(8,292,066)**	**(186,300)**
Cash dividends	**(1,007,856)**	**(564,298)**
Cash used in financing activities	**(594,884)**	**9,437,029**
Investing activities		
Purchase of Unicast (net of acquisition costs)	**-**	**(7,952,688)**
Settlement of assumed liability on acquisition and working capital	**-**	**(1,210,000)**
Settlement of Blaze King hold-back	**34,342**	**(39,058)**
Capital assets purchases	**(227,037)**	**(112,252)**
Proceeds from sale of capital assets	**4,100**	**-**
Cash used in investing activities	**(188,595)**	**(9,313,998)**
Impact of foreign exchange on cash	**253,429**	**(105,598)**
Decrease in cash and cash equivalents during the period	**(123,525)**	**(808,357)**
Cash and cash equivalents, beginning of period	**1,447,451**	**291,068**
Cash and cash equivalents, end of period	**$1,323,926**	**$(517,289)**

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

1. Nature and Operations

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 manufacturing. The business plan of the Company is to invest in profitable, well-established companies with strong cash flows.

As at June 30, 2017, the principal wholly-owned operating subsidiaries of the Company are Valley Comfort Systems Inc. (“VCSI”), Blaze King Industries (“Blaze King”) and Unicast Inc. (“Unicast”). VCSI and Blaze King USA are referred to herein collectively as "Blaze King".

2. Basis of Preparation and Statement of Compliance

a) Statement of compliance

These interim condensed consolidated financial statements (the “interim financial statements”) for the six month period ended June 30, 2017 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.

These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRS as issued by the IASB.

These interim condensed consolidated financial statements of the Company were approved by the Board of Directors of the Company for issue on August 29, 2017.

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.

c) 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.

d) 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 acquisitions have 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.

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.

v. *Warranty 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.

On long-term custom price contracts, revenues are recognized on the percentage-of-completion basis over the duration of the contract, which consists of recognizing revenue on a given contract proportionately with its percentage of completion at any given time. The percentage of completion is determined by dividing the cumulative costs incurred as at the balance sheet date by the sum of incurred and anticipated costs for completing a contract.

The cumulative effect of changes to anticipated revenues and anticipated costs for completing a contract are recognized in the period in which the revisions are identified. In the event that the anticipated costs exceed the anticipated revenues on a contract, such loss is recognized in its entirety in the period it becomes known.

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, 2016 and period ended June 30, 2017, the Company has determined that Blaze King USA and Unicast have 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.

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. No such transactions occurred in the three month period ended June 30, 2017.

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 9 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	5-10 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.

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
Leasehold improvements	5 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.

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, (2) financial assets at fair value through profit or loss ("FVTPL"), (3) held to maturity assets, or (4) available for sale assets.

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.

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.

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 period, 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, 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.

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.

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.

(Expressed in Canadian dollars)

4. Cost of Goods Sold

	Three months ended		Six Months Ended	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016
Labour and materials	**$ 2,094,154**	$ 1,136,643	**$ 4,390,346**	$ 2,407,928
Freight and shipping	**387,505**	141,339	**810,099**	296,606
Fair value adjustment of Unicast inventory on acquisition	**38,120**	-	**186,638**	-
Depreciation	**52,991**	40,651	**110,826**	75,410
Warranty charges	**52,602**	6,367	**180,537**	25,213
	$ 2,625,372	$ 1,325,000	**$ 5,678,446**	$ 2,805,157

5. Accounts Receivable

	June 30, 2017	December 31, 2016
Trade receivables	**$ 3,093,232**	$ 3,409,367
Sales tax and other receivable	**123,036**	38,950
	$ 3,216,268	$ 3,448,317

Trade receivables include an allowance of doubtful amounts of $14,940 as at June 30, 2017 (June 30, 2016 - $14,940).

6. Inventory

	June 30, 2017	December 31, 2016
Raw materials and parts	**$ 1,204,481**	$ 923,028
Work in progress	**181,200**	444,765
Finished goods	**3,632,648**	3,253,516
Allowance for obsolescence	**(181,637)**	(168,340)
	$ 4,836,692	$ 4,452,969

Amortization and depreciation of $55,169 is included in inventory for the six month period ended June 30, 2017 (June 30, 2016 - $35,314).

7. Credit Facility

On June 21, 2017, the Company refinanced their short-term debt facilities with a Canadian financial institution, to obtain better terms and conditions. The details are as follows:

The Company has an operating loan facility authorized up to $4,000,000 (June 30, 2016 - $3,100,000, expandable to $3,600,000 for the months of June, July and August), bearing interest at the prime rate plus 0.75%, of which $4,000,000 was unused as at (June 30, 2016 - $2,146,410).

The operating loan facility and the debt described in note 12 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:

- Minimum pro-forma EBITDA of $3,400,000
- Maximum total funded debt to EBITDA of 3.50:1
- Minimum Fixed Charge Coverage ratio of 1:10:1

As at June 30, 2017, the Company was in compliance with these ratios.

(Expressed in Canadian dollars)

8. Property, Plant and Equipment

	Automotive	Manufacturing Equipment	Office Equipment	Computer Equipment	Portable Buildings	Leasehold Improvements	Total
Cost							
Balance, December 31, 2015	$ 10,128	$ 753,229	$ 14,862	$ 216,016	$ 9,196	$ 36,978	$ 1,040,409
Additions	4,179	588,087	-	36,388	-	103,469	732,123
Acquired through business combination	78,392	180,471	11,500	68,560	-	48,721	387,644
Foreign exchange impact	3,109	5,899	456	2,719	-	1,933	14,116
Disposals	-	-	-	-	-	-	-
Balance, December 31, 2016	**$ 95,808**	**$ 1,527,686**	**$ 26,818**	**$ 323,683**	**$ 9,196**	**$ 191,101**	**$ 2,174,292**
Additions	-	109,236	7,789	110,012	-	-	227,037
Acquired through business combination	-	-	-	-	-	-	-
Foreign exchange impact	(3,091)	(7,116)	(453)	(2,703)	-	(1,922)	(15,285)
Disposals	(6,720)	-	-	-	-	-	(6,720)
Balance, June 30, 2017	**$ 85,997**	**$ 1,629,806**	**$ 34,154**	**$ 430,992**	**$ 9,196**	**$ 189,179**	**$ 2,379,323**
Accumulated Depreciation							
Balance, December 31, 2015	$ 2,532	$ 3,208	$ 2,399	$ 36,074	$ 766	$ 32,043	$ 77,022
Depreciation	13,910	233,782	3,614	83,424	843	62,697	398,270
Disposals	-	-	-	-	-	-	-
Balance, December 31, 2016	**$ 16,442**	**$ 236,990**	**$ 6,013**	**$ 119,498**	**$ 1,609**	**$ 94,740**	**$ 475,292**
Depreciation	11,145	138,565	2,730	52,714	379	33,937	239,470
Disposals	(4,761)						(4,761)
Balance, June 30, 2017	**$ 22,826**	**$ 375,555**	**$ 8,743**	**$ 172,212**	**$ 1,988**	**$ 128,677**	**$ 710,001**
Net Book Value							
Balance, December 31, 2016	**$ 79,366**	**$ 1,290,696**	**$ 20,805**	**$ 204,185**	**$ 7,587**	**$ 96,361**	**$ 1,699,000**
Balance, June 30, 2017	**$ 63,171**	**$ 1,254,251**	**$ 25,410**	**$ 258,780**	**$ 7,208**	**$ 60,502**	**$ 1,669,323**

(Expressed in Canadian dollars)

9. Intangible Assets

	Manufacturing Technology	Customer Relationships	Brand	Total
Cost				
Balance, December 31, 2015	$ 1,189,113	$ 442,116	$ 1,039,679	$ 2,670,908
Acquired through business combination (Note 5)	430,000	3,350,000	130,000	3,910,000
Foreign exchange	17,510	118,314	(58,692)	77,132
Balance, December 31, 2016	**$ 1,636,623**	**$ 3,910,430**	**$ 1,110,987**	**$ 6,658,040**
Foreign exchange impact	(14,693)	(98,210)	52,557	(60,346)
Balance, June 30, 2017	**$ 1,621,930**	**$ 3,812,220**	**$ 1,163,544**	**$ 6,597,694**
				-
Accumulated Depreciation				-
Balance, December 31, 2015	$ 101,668	$ 70,239	$ -	$ 171,907
Depreciation for the period	140,130	252,196	-	392,326
Balance, December 31, 2016	**$ 241,798**	**$ 322,435**	**$ -**	**$ 564,233**
Depreciation for the period	80,815	209,849	-	290,664
Balance, June 30, 2017	**$ 322,613**	**$ 532,284**	**$ -**	**$ 854,897**
Carrying amount at				-
Balance, December 31, 2016	**$ 1,394,825**	**$ 3,587,995**	**$ 1,110,987**	**$ 6,093,807**
Balance, June 30, 2017	**$ 1,299,317**	**$ 3,279,936**	**$ 1,163,544**	**$ 5,742,797**

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 either Blaze King or Unicast, the CGU in which Brand belongs. The Company assesses Brand and Goodwill together as part of the annual impairment test for Blaze King and Unicast. The impairment test on Blaze King and Unicast is further described in note 10. The impairment test performed resulted in no impairment of Brand as at December 31, 2016.

(Expressed in Canadian dollars)

10. Goodwill

		Goodwill
Balance, December 31, 2015	$	1,662,373
Acquired through business combination		1,596,828
Deferred income tax liability attributed through business combination		1,369,000
Increase in prior year combination		39,058
Foreign exchange impact		52,728
Balance, December 31, 2016	**$**	**4,719,987**
Settlement of Blaze King hold-back		(34,342)
Foreign exchange impact		(136,476)
Balance, June 30, 2017	**$**	**4,549,169**

For the purpose of impairment testing for 2016, goodwill and intangible assets with indefinite lives acquired through business combinations are allocated to the Blaze King and Unicast CGU's.

The Company performed the annual impairment tests of goodwill and indefinite life intangible assets for Blaze King and Unicast as at December 31, 2016 and 2015. The recoverable amounts are derived from five-year pre-tax cash flow financial projections based on management's best estimates.

The projections utilize growth rates of 6.0% (2016 – 6.0%) for Blaze King and 5.0% (2016 – nil%) for Unicast, and pre-tax discount rates of 13.8% (2016 – 9.0%) for Blaze King, and 15.8% (2016 – nil%) for Unicast.

The Company performed a sensitivity analysis on the growth rates and pre-tax discount rates by +/- 1.0% and noted no material impact on either CGU's recoverable amount.

The impairment test performed resulted in no impairment of goodwill, or indefinite life intangible assets, as at December 31, 2016 and 2015.

11. Accounts Payable and Accrued Liabilities

		June 30, 2017		December 31, 2016
Trade payables	**$**	**2,248,029**	$	1,630,796
Wages payable		**389,488**		445,423
Due to former shareholders of Unicast		**36,766**		62,577
Income taxes payable		**36,467**		213,759
	$	**2,710,750**	$	2,352,555

(Expressed in Canadian dollars)

12. Long-term Debt

		June 30, 2017		December 31, 2016
Loan 1 [(1)]	$	8,500,000	$	-
Loan 2 [(2)]		-		5,270,833
Loan 3 [(3)]		-		2,887,500
Loan 4 [(4)]		-		77,217
Loan 5 [(5)]		336,494		393,010
		8,836,494		8,628,560
Less: current portion		(929,152)		(1,002,203)
Long-term portion	$	7,907,342	$	7,626,357

On June 21, 2017, the Company completed a refinancing of current outstanding long-term debt with a Canadian financial institution. Three term loans with one Canadian financial institution amounting to $7,774,250 (Loans 2, 3 and 4) were replaced with one term loan of $8,500,000 (Loan 1) from another Canadian financial institution, whose details are related below.

(1) Loan 1 is a term loan taken out by the Company in June 2017 to the refinance the loans taken out for the acquisition of Blaze King and Unicast. The principal amount of $8,500,000 will be repaid through monthly instalments of $70,833 plus interest at the prime rate plus 1.25%. The loan matures in June 2020, at which point the residual amount of $5,950,000 is repayable in full.

(2) Loan 2 was a term loan taken out by the Company in February 2016 in regards to the acquisition of Blaze King, for an original principal amount of $3,500,000 paid through monthly instalments of $29,167 plus interest at the prime rate plus 1.5%. This loan was retired on June 21, 2017, using the proceeds from Loan 1.

(3) Loan 3 was a term loan taken out by the Company in April 2016 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. This loan was retired on June 21, 2017, using the proceeds from Loan 1.

(4) Loan 4 was a term loan taken out by the Company in June 2016 in regards to the acquisition of Unicast, for an original principal amount of $5,500,000 paid through monthly instalments of $45,833 plus interest at the prime rate plus 1.5%. This loan was retired on June 21, 2017, using the proceeds from Loan 1.

(5) Loan 5 is a term loan taken out by the Company in July 2016 in regards to the acquisition of property, plant and equipment for an original principal amount of $317,295 USD ($412,473 CDN) paid through monthly instalments of $5,865 USD including interest at the rate of 4.15%. The loan matures in July 2021.

(Expressed in Canadian dollars)

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

Remainder of 2017	$	463,962
2018		930,388
2019		934,430
2020		6,463,000
2021		44,714
		8,836,494
Less: current portion		(929,152)
Long-term portion	$	7,907,342

(Expressed in Canadian dollars)

13. Share Capital

a) Shares issued and outstanding

	Shares		Amount
Common shares issued, December 31, 2016	**6,056,495**	$	**10,792,490**
Less: Common shares issued but not outstanding	**(293,332)**		**(938,662)**
Balance as at, December 31, 2016	**5,763,163**		**9,853,828**
Common shares issued for exercise of agents' warrants	**33,360**		**129,956**
Common shares issued for exercise of director options	**24,500**		**92,685**
Common shares issued on employee share purchase plan	**21,704**		**74,958**
Common shares issued to Unicast vendors	**73,333**		**234,666**
Balance as at June 30, 2017	**5,916,060**	**$**	**10,386,093**

The Company had the following capital stock transactions for the six month period ended June 30, 2017:

(i) During the six month period ended June 30, 2017, the Company issued 21,704 common shares from treasury which are held in escrow (the "Escrow ESPP Shares") for a period of twelve months pursuant to the Blaze King, Decisive and Unicast Employee Share Purchase Plans (the "ESPP"), for a value of $74,958. The Escrow ESPP Shares were valued based on an average closing price of $3.45 per share. Pursuant to the ESPP, certain employees of Blaze King, Decisive and Unicast may request to purchase a select number of shares from the Company, which will be held in trust/vest over twelve months. The employees may pay upfront or over twelve months, and the employees will receive an additional common share eighteen months from purchase, for every three common shares purchased. As at June 30, 2017, $39,670 (June 30, 2016 - $17,248) was owed to the Company by Blaze King and Unicast employees relating to the ESPP.

(ii) During the six month period ended June 30, 2017, the Company issued 24,500 common shares on the exercise of stock options for a value of $92,685.

(iii) During the six month period ended June 30, 2017, the Company issued 33,360 common shares on the exercise of agent warrants for a value of $129,956.

(iv) During the six month period ended June 30, 2017, the Company released from escrow 73,333 common shares related to the Unicast acquisition that had been issued as contingent compensation related to the Unicast acquisition, and so prior to release, were considered issued but not outstanding.

The Company had the following capital stock transactions for the six month period ended June 30, 2016:

(v) On March 1, 2016, the Company issued 10,830 common shares from treasury which are held in escrow for a period of twelve months pursuant to the Blaze King ESPP. The Escrow ESPP Shares were valued based on an average closing price of $3.25 per share. Pursuant to the ESPP, certain employees of Blaze King may request to purchase a select number of shares from the Company, which will be held in trust/vest over twelve months, the employees may pay upfront or over twelve months, and the employees will receive an additional common share on maturity for every six common shares purchased. As at June 30, 2016, $17,248 (December 31, 2015 - $nil) of amounts are owed to the Company by Blaze King employees relating to the ESPP.

(vi) On March 7, 2016, the Company issued 12,000 common shares on the exercise of stock options for a value of $45,398.

(Expressed in Canadian dollars)

Common shares that remain in escrow are as follows:

	June 30, 2017	December 31, 2016
In relation to:		
Shares issued prior to the Company's Qualifying Transaction	**284,250**	426,375
Acquisition of Blaze King	**99,000**	148,500
Acquisition of Unicast	**274,998**	366,664
	658,248	941,539

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. As of February 25, 2017, all remaining outstanding warrants that were not exercised expired.

In conjunction with the Company's June 22, 2016 offering, the Company issued warrants to purchase common shares at an exercise price of $3.00 per common share, exercisable for a period of 24 months from June 22, 2016.

The Company has the following warrants outstanding and exercisable:

Warrants	**Number of options**	**Weighted average exercise price ($)**	**Weighted average grant date fair value ($)**	**Weighted average years remaining**
Outstanding and exercisable, December 31, 2016	122,576	2.84	1.95	0.79
Warrants issued in the period	-	-	-	-
Warrants exercised in the period	(33,360)	2.00	0.88	-
Warrants expired during the period	(1,125)	2.00	0.88	-
Outstanding and exercisable, June 30, 2017	**88,091**	**2.00**	**0.88**	**1.25**

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.

(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**	**$**	**$**	**-**
Exercised during the period	(24,500)	2.00	1.78	-
Outstanding and exercisable, June 30, 2017	**506,000**	**2.92**	**1.91**	**8.48**

14. 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 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 June 30, 2017 and 2016, 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.

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.

(Expressed in Canadian dollars)

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 2021 (note 12).

	Total	Within One Year	Two to Five Years
Long-term debt	$ 8,836,494	$ 929,152	$ 7,907,342
Operating leases	853,771	273,685	580,086

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, 2017, the Company expects to recover the full amount of such assets, less any allowance for doubtful accounts in accounts receivable (note 8).

As at June 30, 2017, the Company had the following accounts receivable ageing:

	Total	Current	31 - 60 days	61 - 90 days	90 days plus
Accounts Receivable	$ 3,093,232	$ 1,517,657	$ 541,297	$ 249,072	$ 785,207

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 and Unicast 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.

(Expressed in Canadian dollars)

The table below summarizes the net monetary assets and liabilities held in foreign currencies in entities whose functional currency is the US dollar:
and liabilities held in foreign currencies in entities whose functional currency is the US dollar:

		June 30, 2017		December 31, 2016
Net monetary assets	**$**	**833,089**	$	523,031
Net monetary liabilities		**(423,286)**		(454,547)
	$	**409,803**	$	68,484

The table below summarizes the net monetary assets and liabilities held in foreign currencies in entities whose functional currency is the Canadian dollar:

		June 30, 2017		December 31, 2016
Net monetary assets	**$**	**27,174**	$	104,175
Net monetary liabilities		**(336,494)**		(393,010)
	$	**(309,320)**	$	(288,835)

The effect on net income before income tax at June 30, 2017 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 $10,048 (December 31, 2016 - $22,035) assuming that all other variables remained constant.

The calculations above are based on the Company's statement of financial position exposure at June 30, 2017.

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 June 30, 2017, a 1.0% increase of the prime rate on the long term debt would increase interest expense by $88,000 (June 30, 2016 - $87,000). Additionally, a 1.0% decrease of the prime rate on the long term debt would decrease interest expense by $88,000 (June 30, 2016 - $87,000).

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

15. Related Party Transactions

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

During the six month period ended June 30, 2017, the Company incurred legal fees of $5,645 (June 30, 2016 - $7,544) with a law firm in which two directors of the Company were either a partner or employee.

(Expressed in Canadian dollars)

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 for the six month period ended June 30, 2017 included $93,596 of salary and benefits (June 30, 2016 - $88,641).

16. 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.

Cumulative dividends for the six month period ended June 30, 2017 and 2016 are as follows:

		June 30, 2017		December 31, 2016
Cumulative dividends, beginning of period	**$**	**2,200,522**	$	673454
Dividends during the period		**1,040,526**		620,672
Cumulative dividends, end of period	**$**	**3,241,048**	$	1,294,126

The following dividends were declared and paid during the six months ended June 30, 2017 and June 30, 2016, other than the June 30, 2017 dividend which was paid subsequent to quarter end:

Month	**Record Date 2017**	**Per Share ($)**	**2017 Dividend Amount ($)**	**Record Date 2016**	**Per Share ($)**	**2016 Dividend Amount ($)**
January	January 31, 2017	0.025	151,668	January 29, 2016	0.025	93,764
February	February 28, 2017	0.025	152,531	February 29, 2016	0.025	93,765
March	March 31, 2017	0.030	184,081	March 31, 2016	0.025	94,335
April	April 30, 2017	0.030	184,082	April 29, 2016	0.025	94,335
May	May 31, 2017	0.030	184,082	May 31, 2016	0.025	94,335
June	June 30, 2017	0.030	184,082	June 30, 2016	0.025	150,138
Total		**0.170**	**1,040,526**		**0.150**	**620,672**

17. Commitments and Contingencies

Subsequent to June 30, 2017 and before these interim condensed financial statements were authorized, the Company undertook the following dividend actions:

- the dividend to shareholders of record on June 30, 2017 was paid on July 14, 2017.
- a dividend of $0.03 per share was declared for shareholders of record on July 31, 2017, and paid on August 15, 2017.
- a dividend of $0.03 per share was declared on August 15, 2017 for shareholders of record on August 31, 2017.

A summary of the undiscounted liabilities and future operating commitments at June 30, 2017 are as follows:

(Expressed in Canadian dollars)

	Total	Within One Year	Two to Five Years
Operating leases	853,771	273,685	580,086
Interest on long-term debt	1,035,104	319,067	716,038

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.

18. 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 its subsidiaries, Valley Comfort, Blaze King USA and Unicast, separately. Due to the direct and integrated relationship of Valley Comfort 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 purposes, they are considered one segment. In addition to Blaze Group and Unicast, the Canadian public company parent ("Head Office") is considered a third and separate segment, as its function is an investment holding and management company.

The Company's segment reporting for the three month period ended June 30, 2017 and 2016 is as follows:

June 30, 2017	**Head Office**	**Blaze Group**	**Unicast**	**Total**
Sales revenues	$ -	$ 2,640,932	$ 2,261,375	$ 4,902,307
Cost of goods sold	-	1,622,322	1,003,050	2,625,372
Gross margin	-	1,018,609	1,258,326	2,276,935
Net income (loss) before income tax	(342,152)	5,591	273,006	(63,554)
Income tax expense	5,718	22,120	(28,584)	(746)
Net income (loss)	(336,433)	27,710	244,423	(64,300)
Comprehensive income (loss)	$ (336,433)	$ (19,069)	$ 205,824	$ (149,678)

June 30, 2016	**Head Office**	**Blaze Group**	**Unicast**	**Total**
Sales revenues	$ -	$ 2,109,318	$ 145,051	$ 2,254,369
Cost of goods sold	-	1,281,077	43,923	1,325,000
Gross margin	-	828,241	101,128	929,369
Net income (loss) before income	(1,275,746)	(275,503)	32,869	(1,518,380)
Income tax expense	-	(62,285)	-	(62,285)
Net income (loss)	(1,275,746)	(213,218)	32,869	(1,456,095)
Comprehensive income (loss)	$ (1,275,746)	$ (429,563)	$ 32,869	$ (1,672,440)

(Expressed in Canadian dollars)

The Company's segment reporting for the six month period ended June 30, 2017 and 2016 is as follows:

June 30, 2017	**Head Office**	**Blaze Group**	**Unicast**	**Total**
Sales revenues	$ -	$ 5,645,995	$ 4,313,975	$ 9,959,970
Cost of goods sold	-	3,463,312	2,215,134	5,678,446
Gross margin	-	2,182,682	2,098,842	4,281,524
Net income (loss) before income	(648,008)	94,779	333,154	(220,074)
Income tax expense	5,718	29,636	(64,530)	(29,176)
Net income (loss)	(642,289)	124,415	268,624	(249,250)
Comprehensive income (loss)	$ (642,289)	$ 195,423	$ 238,936	$ (207,930)

June 30, 2016	**Head Office**	**Blaze Group**	**Unicast**	**Total**
Sales revenues	$ -	$ 4,696,949	$ 145,051	$ 4,842,000
Cost of goods sold	-	2,761,234	43,923	2,805,157
Gross margin	-	1,935,715	101,128	2,036,843
Net income (loss) before income	(1,440,507)	(249,080)	32,869	(1,656,718)
Income tax expense	-	(67,285)	-	(67,285)
Net income (loss)	(1,440,507)	(181,795)	32,869	(1,589,433)
Comprehensive income (loss)	$ (1,440,507)	$ (522,964)	$ 32,869	$ (1,930,602)

The Company's segment reporting as at June 30, 2017 and December 31, 2016 is as follows:

June 30, 2017	**Head Office**	**Blaze Group**	**Unicast**	**Total**
Total current assets	$ 684,492	$ 4,602,325	$ 4,606,756	$ 9,893,573
Total current liabilities	1,174,784	1,094,045	1,767,511	4,036,341
Total assets	684,492	9,671,640	11,498,729	21,854,861
Total liabilities	$ 8,745,632	$ 1,823,253	$ 3,255,593	$ 13,824,478

December 31, 2016	**Head Office**	**Blaze Group**	**Unicast**	**Total**
Total current assets	$ 470,688	$ 4,453,847	$ 4,776,891	$ 9,701,426
Total current liabilities	715,394	1,003,633	2,081,467	3,800,494
Total assets	470,688	9,582,519	12,161,011	22,214,218
Total liabilities	$ 3,252,894	$ 1,777,225	$ 8,364,518	$ 13,394,637

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.