

Financial Statements of



Decisive Dividend

— Corporation —

For the years ended December 31, 2018 and 2017



Independent auditor's report

To the Shareholders of Decisive Dividend Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Decisive Dividend Corporation and its subsidiaries (together, the Company) as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of profit and comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Neale.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia
April 25, 2019

Consolidated Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	December 31, 2018	December 31, 2017
Assets		
Cash	\$ 1,815	\$ 1,184
Accounts receivable (note 7)	8,274	4,135
Inventory (note 8)	7,064	4,514
Prepaid expenses and deposits	629	308
Total current assets	17,782	10,141
Property and equipment (note 9)	5,226	1,627
Intangible assets (note 10)	7,882	5,107
Goodwill (note 11)	13,439	4,445
Total assets	\$ 44,329	\$ 21,320
Liabilities		
Accounts payable and accrued liabilities (note 12)	\$ 4,562	\$ 3,611
Dividends payable (note 17)	331	185
Warranty provision (note 13)	410	340
Customer deposits	283	63
Current portion of long-term debt (note 14)	1,673	928
Total current liabilities	7,259	5,127
Long-term debt (note 14)	11,602	7,473
Deferred income taxes (note 15)	2,051	1,359
Total liabilities	20,912	13,959
Equity		
Share capital (note 16)	28,844	10,575
Contributed surplus	1,557	1,505
Cumulative profit (loss)	480	(70)
Cumulative dividends (note 17)	(7,578)	(4,348)
	23,303	7,662
Accumulated other comprehensive income (loss)	114	(301)
Total equity	23,417	7,361
Total liabilities and equity	\$ 44,329	\$ 21,320

Commitments and contingencies (note 25)

Subsequent events (note 27)

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

Consolidated Statements of Profit and Comprehensive Income (Loss)

(Expressed in thousands of Canadian dollars, except per share amounts)

For the Years Ended December 31,	2018	2017
		<i>(Note 2(a))</i>
Sales (note 18)	\$ 37,993	\$ 23,451
Manufacturing costs (note 19)	24,757	13,448
Gross profit	13,236	10,003
Expenses		
Amortization and depreciation	726	582
Financing costs (note 20)	689	502
Occupancy costs	845	418
Professional fees	904	218
Salaries, wages and benefits	6,028	4,440
Selling, general and administration	3,656	2,743
	12,848	8,903
Operating income	388	1,100
Other items		
Interest income	9	13
Foreign exchange gains (losses)	985	(541)
Goodwill impairment losses (note 11)	(717)	-
Gain on sale of equipment	9	2
	286	(526)
Profit before income taxes	674	574
Income taxes (note 15)		
Current expense	816	674
Deferred expense (recovery)	(692)	(609)
	124	65
Profit	\$ 550	\$ 509
Other comprehensive income (loss):		
Foreign operation currency translation differences	415	(540)
Total comprehensive income (loss)	\$ 965	\$ (31)
Profit per share		
Basic	0.07	0.09
Diluted	0.06	0.08
Weighted average number of shares outstanding (000s):		
Basic	8,455	5,874
Diluted	9,289	6,654

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

Consolidated Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

For the Years Ended December 31, 2018 and 2017	Share Capital		Contributed	Deficit		Accumulated Other Comprehensive Loss	Total Equity
	Number (000s)	Amount		Cumulative Dividends	Cumulative Profit (Loss)		
Balance, January 1, 2017	5,763	\$ 9,854	\$ 1,506	\$ (2,201)	\$ (579)	\$ 239	\$ 8,819
Shares issued under ESPP (note 16)	26	87	9	-	-	-	96
Exercise of stock options (note 16)	24	92	(43)	-	-	-	49
Exercise of agent warrants (note 16)	68	307	(123)	-	-	-	184
Acquisition vendor shares released from escrow (note 16)	73	235	(235)	-	-	-	-
Share-based payment awards (note 16)	-	-	391	-	-	-	391
Total comprehensive loss for the year	-	-	-	-	509	(540)	(31)
Dividends declared (note 17)	-	-	-	(2,147)	-	-	(2,147)
Balance, December 31, 2017	5,954	\$ 10,575	\$ 1,505	\$ (4,348)	\$ (70)	\$ (301)	\$ 7,361
Balance, January 1, 2018	5,954	\$ 10,575	\$ 1,505	\$ (4,348)	\$ (70)	\$ (301)	\$ 7,361
Shares issued under ESPP (note 16)	24	93	3	-	-	-	96
Exercise of stock options (note 16)	78	344	(145)	-	-	-	199
Exercise of agent warrants (note 16)	50	259	(106)	-	-	-	153
Acquisition vendor shares released from escrow (note 16)	73	235	(235)	-	-	-	-
Share-based payment awards (note 16)	-	-	481	-	-	-	481
Shares issued to vendors on business acquisitions (note 16)	961	3,799	-	-	-	-	3,799
Shares issued for cash proceeds (note 16)	3,738	14,950	-	-	-	-	14,950
Share issuance costs (note 16)	-	(1,357)	-	-	-	-	(1,357)
Agent warrants issued as commission (note 16)	-	(54)	54	-	-	-	-
Total comprehensive income for the year	-	-	-	-	550	415	965
Dividends declared (note 17)	-	-	-	(3,230)	-	-	(3,230)
Balance, December 31, 2018	10,878	\$ 28,844	\$ 1,557	\$ (7,578)	\$ 480	\$ 114	\$ 23,417

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

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

For the Years Ended December 31,	2018	2017
Operating activities		
Profit	\$ 550	\$ 509
Adjusted by:		
Amortization and depreciation	1,545	976
Goodwill impairment losses	717	-
Financing costs	689	502
Share-based compensation	508	412
Foreign exchange (gain) loss	(985)	541
Gain on sale of equipment	(9)	(2)
Income tax expense	124	65
	3,139	3,003
Changes in non-cash operating working capital (note 21)	(1,578)	(1)
	1,561	3,002
Income taxes paid	(596)	(247)
Cash provided by operating activities	965	2,755
Financing activities		
Proceeds from issuance of shares	14,015	308
Dividends paid	(3,085)	(2,113)
Proceeds from long-term debt	13,863	8,500
Repayment of long-term debt	(9,202)	(8,683)
Debt issuance costs	(56)	(45)
Interest paid	(639)	(502)
Cash provided by (used in) financing activities	14,896	(2,535)
Investing activities		
Purchase of Slimline Manufacturing Ltd. (note 6)	(5,892)	-
Purchase of Hawk Machine Works Ltd. (note 6)	(9,556)	-
Purchase of property and equipment	(361)	(405)
Proceeds from sale of property and equipment	11	4
Cash used in investing activities	(15,798)	(401)
Increase (decrease) in cash during the year	63	(181)
Cash, beginning of year	1,184	1,447
Effect of movements in exchange rates	117	(82)
Cash acquired	451	-
Cash, end of year	\$ 1,815	\$ 1,184

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

Notes to the Consolidated Financial Statements

For the Years Ended December 31, 2018 and 2017

(Expressed in thousands of Canadian dollars, except per share amounts)

1. Nature and Operations

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

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

As at December 31, 2018, the principal wholly-owned operating subsidiaries of the Company are Valley Comfort Systems Inc. ("VCSI"), Blaze King Industries Inc. ("Blaze King USA"), Unicast Inc. ("Unicast"), Slimline Manufacturing Ltd., Slimline Manufacturing (2016) Ltd., and Hawk Machine Works Ltd. ("Hawk"). VCSI and Blaze King USA are referred to herein collectively as "Blaze King". Slimline Manufacturing Ltd. and Slimline Manufacturing (2016) Ltd. are referred to herein collectively as "Slimline".

Slimline was acquired on May 30, 2018 and Hawk was acquired on June 28, 2018 (note 6).

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

2. Basis of Preparation and Statement of Compliance

a) *Statement of compliance*

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

During the year, the Company reclassified certain of the December 31, 2017 comparative figures to correspond with current period reporting classification: the reclassifications include \$162 of amortization and depreciation from amortization and depreciation expense to manufacturing costs and \$541 in foreign exchange losses from financing costs to foreign exchange gains (losses).

These consolidated financial statements were approved by the Board of Directors of the Company for issue on April 25, 2019.

b) *Basis of measurement*

The 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.

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.

d) *Accounting estimates and assumptions*

The preparation of the Company's 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. The most significant assumptions and those requiring the most judgment involve the estimated fair values of intangible assets. Significant assumptions include, among others, the determination of projected revenues, cash flows, customer retention rates, discount rates and anticipated average income tax rates.

The Company's acquisitions have been accounted for using the acquisition method when control is transferred to the Group (note 3(a)). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Any contingent consideration to be transferred by the Company is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration liability is recognized in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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 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 asset 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.

vi. *Expected credit losses*

The Company uses the simplified approach for measuring expected credit losses to provide for a lifetime expected credit loss allowance for all trade receivables based on indicators such as creditworthiness, historical collection trends and experiences with customers. Uncertainty relates to the timing and amount of actual credit losses which can vary from the Company's estimation.

vii. *Share-based compensation*

Compensation expense associated with stock options granted is based on various assumptions, using the Black-Scholes option-pricing model, to produce an estimate of fair value. This estimate may vary due to changes in the variables used in the model including interest rates, expected life, expected volatility, expected forfeitures and share prices. Estimating expected life and forfeitures requires judgement.

3. Significant Accounting Policies

a) *Principles of consolidation*

These 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 financial statements from the date control commences until the date control ceases.

b) *Revenue recognition*

The Group recognizes revenue from the sale of retail and manufactured products as follows:

Revenue from the sale of manufactured products is recognized when the customer obtains control of the product and therefore has the ability to direct its use and obtain the benefits from it, which is generally at the time of delivery. Payments received from customers in advance of the delivery of the goods are recorded as customer deposits in the statement of financial position.

Revenue from the sale of retail products is recognized when control of the product has passed to the customer, which is generally when the product is shipped, and title has passed.

On long-term custom price contracts, revenues are recognized over time based on the stage of completion. The stage of completion is determined based on the costs incurred to date in comparison to the expected total costs. Such contracts provide that the customer accept completion of progress to date and compensate the Company for services rendered.

c) *Foreign currency translation*

i. *Functional and presentation currency*

Items included in the financial statements of each consolidated entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). For the years ended December 31, 2018 and 2017, the Group 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 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 the currency translation differences adjustment.

If the Group 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 years ended December 31, 2018 or December 31, 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 profit or loss.

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 Group 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) *Intangible assets*

Intangible assets are recorded at cost. The Group's Brand intangible assets are considered to have indefinite lives and are not amortized. The other intangible assets with finite lives are amortized as follows:

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

The depreciation method and estimates of useful lives ascribed to intangible assets are reviewed at least annually and, if necessary, amortization is adjusted on a prospective basis.

g) *Property and equipment*

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

Automotive	30% declining-balance basis
Manufacturing equipment	20% declining-balance basis
Office equipment	20% declining-balance basis
Computer equipment	30% to 100% declining-balance basis
Leasehold improvements	5-year straight line basis

h) *Impairment – non-financial and indefinite life assets*

The carrying amounts of the Group's non-financial assets (which include property and equipment, and intangibles with a definite life) are 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 amounts of the Group's indefinite life assets (which include Brand intangible assets and Goodwill) are 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 unsupported, 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 an asset 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.

j) Financial instruments

i. Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. 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

For the purpose of subsequent measurement, financial assets and liabilities, other than those designated and effective as hedging instruments, are classified into the following categories: (1) those measured at fair value through other comprehensive income (loss) ("OCI"), (2) those measured at fair value through profit or loss ("FVTPL"), or (3) those measured at amortized cost.

The Group's cash and cash equivalents and accounts receivable are classified as financial assets measured at amortized cost. Accounts payable and accrued liabilities, dividends payable, and long-term debt are classified as financial liabilities measured at amortized cost. All financial assets and liabilities measured at amortized cost use the effective interest rate method with interest income/expense recorded in profit or loss.

iii. Impairment

Expected credit losses are to be recognized using a forward-looking approach that reflects any changes in credit risk associated with the financial instruments.

For trade and other receivables, the loss allowance is measured at initial recognition and throughout its life at an amount equal to its lifetime expected credit loss. Impairment of trade and other receivables is recognized in selling, general and administration expenses when evidence of impairment arises.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases.

iv. *Hedge Accounting and Derivatives*

The Group is not currently a party to a hedging relationship or derivative contract.

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 profit 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 income taxes 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 goodwill, 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, or 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 Group 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 Group 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; 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 Group 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 Group records proceeds from share issuances, net of issue costs and any tax effects, in equity. Common shares held by the Group are classified as treasury stock and recorded as a reduction to equity.

p) Share-based payments and share option reserves

Certain employees and directors of the Group 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 profit and loss, with an offsetting credit to contributed surplus, over the vesting period. If and when the share options are exercised, the applicable original amounts of contributed surplus are transferred to share 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 contributed surplus and credited to profit or loss. For

those share options that expire unexercised after vesting, the recorded value remains in contributed surplus.

q) *Earnings (loss) per share*

Basic earnings (loss) per share (“EPS”) is computed by dividing the profit or loss applicable to equity owners of the Group by the weighted average number of common shares issued and outstanding for the relevant period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. Stock options and warrants are included in the calculation of diluted EPS 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. Accounting Standards Adopted in the Period

Effective January 1, 2018, the Company adopted the following accounting standards:

a) *IFRS 9: Financial Instruments*

IFRS 9 superseded International Accounting Standard (“IAS”) 39: Financial Instruments: Recognition and Measurement. The standard includes requirements for recognition, measurement, impairment and derecognition of financial assets and liabilities, as well as general hedge accounting. The Group adopted IFRS 9 on a retrospective basis without restatement of comparative financial information. The adoption of IFRS 9 had no impact on the classification or measurement of the amounts reported in these financial statements.

Under IFRS 9, the Group measures financial assets at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

As a result, the Group’s cash and cash equivalents and accounts receivable were classified as amortized cost under IFRS 9. Previously, cash and cash equivalents and accounts receivable were classified as loans and receivables. Under IFRS 9, the Group measures financial liabilities initially at fair value and subsequently at amortized cost, which is consistent with how financial liabilities were measured and classified previously.

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

b) *IFRS 15: Revenue from Contracts with Customers*

IFRS 15 superseded IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. The standard establishes a framework based on transfer of control for determining how much and when revenue is recognized and includes expanded disclosure requirements for annual financial

statements. Adoption of IFRS 15 had no material impact on the amounts reported in these financial statements. The Group elected to apply IFRS 15 using a full retrospective approach; however, the adoption of IFRS 15 resulted in no changes to classification or measurement of the amounts reported in these financial statements. The Group did not use practical expedients in its adoption of IFRS 15.

5. Recent Accounting Pronouncements

a) Accounting standards issued but not yet effective

IFRS 16: *Leases*, eliminates the current dual accounting model for lessees, which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Under the new standard, operating leases become an on-balance sheet liability that attracts interest, together with a corresponding right-of-use asset, which will be depreciated. In addition, lessees will recognize a front-loaded pattern of expense for most leases, even when cash rentals are constant. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company plans to apply IFRS 16 effective January 1, 2019 using the modified retrospective method. Under this method, financial information will not be restated and will continue to be reported under the accounting standards in effect for those periods. The Company will recognize lease obligations related to its operating lease commitments disclosed in note 25. They will be measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as at January 1, 2019, which is approximately \$2,112. The associated right of use asset will be measured at the lease obligation amount, resulting in no adjustment to the opening balance of retained earnings. The Company intends to apply the following practical expedients permitted under the new standard: (i) leases of low dollar value will continue to be expensed as incurred; and (ii) the Company will not apply any grandfathering practical expedients.

6. Acquisitions

(a) Slimline Manufacturing Ltd.

On May 30, 2018, the Company acquired all of the shares of Slimline, a privately-held agricultural and industrial machinery manufacturing company based in Penticton, British Columbia. The components of the consideration paid to acquire Slimline are as follows:

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

Cash	\$	5,892
Shares		1,099
	\$	6,991

The purchase price included an initial payment of cash and the issuance of common shares to the vendors, net of normal closing adjustments, plus an earn-out if certain performance targets were met for the 12-month period ended July 31, 2018. Final settlement of the earn-out and closing adjustments for working capital occurred in the fourth quarter of 2018, and are reflected in the consideration amounts above.

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

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

Cash	\$	29
Accounts receivable		798
Prepaid expenses and deposits		92
Inventory		1,600
Property and equipment		1,619
Intangible assets		3,080
Goodwill		1,326
Accounts payable and accrued liabilities		(649)
Warranty provision		(60)
Deferred income taxes		(844)
	\$	6,991

The Group incurred acquisition-related costs of \$261 relating to legal fees, accounting fees, commissions, finder's fees, and due diligence costs. These costs have been included in professional fees in the consolidated statement of profit and comprehensive income.

The consolidated statement of profit includes revenue of \$3,381 and a loss of (\$350) for the period from acquisition to December 31, 2018. Had the business combination been effective from January 1, 2018, the Group would have recognized revenue of \$7,978 and profit of \$463 for the year ended December 31, 2018.

(b) Hawk Machine Works Ltd.

On June 28, 2018, the Company acquired all of the shares of Hawk, a privately-held machining and tooling company based in Linden, Alberta. The components of the consideration paid to acquire Hawk are as follows:

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

Cash	\$	9,556
Shares		2,700
	\$	12,256

The purchase price included an initial payment of cash and the issuance of common shares to the vendors, net of normal closing adjustments. Final settlement of the closing adjustments for working capital occurred in the fourth quarter of 2018, and are reflected in the consideration amounts above.

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

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

Cash	\$	422
Accounts receivable		1,766
Prepaid expenses and deposits		53
Inventory		1,592
Property and equipment		2,182
Goodwill		8,118
Accounts payable and accrued liabilities		(1,452)
Deferred income taxes		(425)
	\$	12,256

The Group incurred acquisition-related costs of \$222 relating to legal fees, accounting fees and due diligence costs. These costs have been included in professional fees in the consolidated statement of profit and comprehensive income.

The consolidated statement of profit includes revenue of \$10,586 and profit of \$1,387 for the period from acquisition to December 31, 2018. Had the business combination been effective from January 1, 2018, the Group would have recognized revenue of \$21,076 and profit of \$2,561 for the year ended December 31, 2018.

7. Accounts Receivable

	December 31, 2018	December 31, 2017
Trade receivables	\$ 7,920	\$ 3,887
Expected credit losses	(162)	(14)
Sales tax and other receivables	516	262
	\$ 8,274	\$ 4,135

The Company's exposure to credit and currency risks, and impairment losses related to trade and other receivables is disclosed in note 22.

8. Inventory

	December 31, 2018	December 31, 2017
Raw materials	\$ 3,001	\$ 1,894
Work in progress	702	427
Finished goods	3,525	2,193
Allowance for obsolescence	(164)	-
	\$ 7,064	\$ 4,514

During the year ended December 31, 2018, an allowance of (\$164) (December 31, 2017 - \$nil) was recorded in profit (note 19).

9. Property and Equipment

	Automotive	Manufacturing Equipment	Office Equipment	Computer Equipment	Leasehold Improvements	Total
Cost						
Balance, December 31, 2016	\$ 96	\$ 1,537	\$ 27	\$ 324	\$ 191	\$ 2,175
Additions	-	148	11	226	20	405
Disposals	(7)	-	-	-	-	(7)
Effect of movements in exchange rates	(7)	(24)	(1)	(6)	(6)	(44)
Balance, December 31, 2017	\$ 82	\$ 1,661	\$ 37	\$ 544	\$ 205	\$ 2,529
Additions	4	498	9	91	24	626
Acquired through business combinations	73	3,609	66	34	19	3,801
Disposals	(3)	-	-	-	-	(3)
Effect of movements in exchange rates	6	26	2	22	7	63
Balance, December 31, 2018	\$ 162	\$ 5,794	\$ 114	\$ 691	\$ 255	\$ 7,016
Accumulated Depreciation						
Balance, December 31, 2016	\$ 16	\$ 239	\$ 6	\$ 119	\$ 95	\$ 475
Depreciation	23	271	5	95	43	437
Effect of movements in exchange rates	(1)	(6)	-	(2)	(1)	(10)
Balance, December 31, 2017	\$ 38	\$ 504	\$ 11	\$ 212	\$ 137	\$ 902
Depreciation	27	656	14	120	49	866
Disposals	(1)	-	-	-	-	(1)
Effect of movements in exchange rates	3	11	-	7	2	23
Balance, December 31, 2018	\$ 67	\$ 1,171	\$ 25	\$ 339	\$ 188	\$ 1,790
Net Book Value						
Balance, December 31, 2017	\$ 44	\$ 1,157	\$ 26	\$ 332	\$ 68	\$ 1,627
Balance, December 31, 2018	\$ 95	\$ 4,623	\$ 89	\$ 352	\$ 67	\$ 5,226

10. Intangible Assets

	Manufacturing Technology		Customer Relationships		Brand		Total
Cost							
Balance, December 31, 2016	\$	1,637	\$	3,910	\$	1,111	\$ 6,658
Effect of movements in exchange rates		(40)		(335)		(99)	(474)
Balance, December 31, 2017	\$	1,597	\$	3,575	\$	1,012	\$ 6,184
Acquired through business combination		1,000		1,410		670	3,080
Effect of movements in exchange rates		37		315		96	448
Balance, December 31, 2018	\$	2,634	\$	5,300	\$	1,778	\$ 9,712
Accumulated Amortization							
Balance, December 31, 2016	\$	242	\$	322	\$	-	\$ 564
Amortization		162		377		-	539
Effect of movements in exchange rates		(2)		(24)		-	(26)
Balance, December 31, 2017	\$	402	\$	675	\$	-	\$ 1,077
Amortization		220		460		-	680
Effect of movements in exchange rates		7		66		-	73
Balance, December 31, 2018	\$	629	\$	1,201	\$	-	\$ 1,830
Carrying amount							
Balance, December 31, 2017	\$	1,195	\$	2,900	\$	1,012	\$ 5,107
Balance, December 31, 2018	\$	2,005	\$	4,099	\$	1,778	\$ 7,882

11. Goodwill

Balance, December 31, 2016	\$	4,720
Effect of movements in exchange rates		(275)
Balance, December 31, 2017	\$	4,445
Acquired through business combinations		9,444
Impairment losses		(717)
Effect of movements in exchange rates		267
Balance, December 31, 2018	\$	13,439

For the purpose of impairment testing for 2018, goodwill and intangible assets with indefinite lives acquired through business combinations are allocated the Group's CGUs as follows:

	Brand	Goodwill	Total
Blaze King	\$ 917	\$ 1,633	\$ 2,550
Unicast	191	2,362	2,553
Slimline	670	1,326	1,996
Hawk	-	8,118	8,118
	\$ 1,778	\$ 13,439	\$ 15,217

The Company performed annual impairment tests of goodwill and indefinite life intangible assets as at December 31, 2018 and 2017. The value-in-use impairment tests were based on the Company's internal forecasts and represent management's best estimates at a specific point in time, and as a result are subject to measurement uncertainty. In arriving at its estimated future cash flows, the Company considered past experience, economic trends and industry trends. In particular, the effect of tariffs on Chinese steel products sold into the U.S. has had a negative effect on the profitability of the Unicast CGU. The Company projected revenue, gross profit and cash flows for a period of five years and applied perpetual long-term growth rates of 2% to 3% thereafter, depending on the CGU. While the ultimate duration of the above noted tariff regime is unknown, management has assumed that these tariffs will be lifted within the projected five-year period. The Company assumed pre-tax discount rates of 20.3% to 23.0%, depending on the CGU, in order to calculate the present value of its projected cash flows. Determination of the discount rates included separate analyses of the cost of equity and debt, and considered a risk premium based on an assessment of risks related to the projected cash flows of the Company in general and each specific CGU.

The impairment tests performed resulted in a \$717 impairment loss being recorded against the goodwill allocated to the Unicast CGU. The impairment loss was primarily a result of the negative effect of the above noted tariffs on Unicast's future cash flows. There was no impairment of goodwill or indefinite life intangible assets as at December 31, 2017.

The Company performed a sensitivity analysis on the growth rates and pre-tax discount rates by +/- 1%. All else being equal, a 1% increase in the discount rate would have led to additional impairment losses of \$617, on the Unicast CGU. All else being equal, a 1% decrease in the growth rates would have led to additional impairment losses of \$222, on the Unicast CGU. All else being equal, a 1% decrease in the discount rate would have reduced impairment losses by \$710, on the Unicast CGU. All else being equal, a 1% increase in the growth rates would have reduced impairment losses by \$232, on the Unicast CGU. Also, if the above noted tariffs are lifted one year earlier than projected, impairment losses on the Unicast CGU would be reduced by \$354 or, if lifted two years earlier than projected, would be negated completely. If these tariffs remained in effect for perpetuity, impairment losses on the Unicast CGU would increase by \$2,109. There was no material impact of the sensitivity analyses on the recoverable amounts of the Group's other CGUs.

12. Accounts Payable and Accrued Liabilities

	December 31, 2018	December 31, 2017
Trade payables	\$ 2,623	\$ 1,922
Accrued liabilities	625	669
Wages and benefits payable	555	506
Income taxes payable	759	514
	\$ 4,562	\$ 3,611

13. Warranty Provision

	December 31, 2018	December 31, 2017
Warranty provision - opening	\$ 340	\$ 202
Warranty provision on acquisition	60	-
Warranty charges incurred	(207)	(99)
Warranty provision included in cost of goods sold	217	237
	\$ 410	\$ 340

14. Long-term Debt

	December 31, 2018	December 31, 2017
Bank of Nova Scotia term loan repaid in 2018.	\$ -	\$ 8,146
Bank of Nova Scotia term loan paid through monthly instalments of \$125 plus interest at the bank's prime rate plus 1.25% or bankers' acceptances plus 2.50%. The loan matures in May 2021, at which point the residual \$9,225 is repayable in full net of financing costs.	12,847	-
Bank of Nova Scotia term equipment finance loan paid through monthly installments of US\$1 including interest at 5.78%, maturing in January 2021.	21	-
Bank of Nova Scotia term equipment finance loan paid through quarterly installments of \$19 including interest at 5.11%, maturing in August 2021.	193	-
Trumpf Finance term loan paid through monthly instalments of US\$1 including interest at 2.15%. The loan matures in April 2021 and is secured by the related property and equipment.	24	-
Trumpf Finance term loan paid through monthly instalments of US\$6 including interest at 4.15%. The loan matures in July 2021 and is secured by the related property and equipment.	234	292
	13,319	8,438
Less: current portion	(1,673)	(928)
Long-term portion	11,646	7,510
Less: debt issuance costs	(44)	(37)
Total long-term debt	\$ 11,602	\$ 7,473

- The Group has an operating loan facility with the Bank of Nova Scotia authorized up to \$5,000, bearing interest at the lender's prime rate plus 0.75%. This facility was undrawn at December 31, 2018.
- The Group has an equipment financing term revolving loan facility with the Bank of Nova Scotia authorized up to \$1,000, bearing interest at the lender's base leasing rate, plus a spread to be determined at the time of the transaction. The Group has \$787 available on this facility.
- The Bank of Nova Scotia operating loan facility, equipment financing term revolving loan facility, and term loan outlined in the table above, are collectively secured by a general security agreement, assignment of insurance, and unlimited corporate cross guarantees. Additionally, the Group has agreed to maintain the following ratios (as defined in the lending agreement) on a consolidated trailing 12-month basis, otherwise outstanding facilities are due on demand:
 - Maximum total funded debt to adjusted EBITDA of 3.5:1
 - Minimum fixed charge coverage ratio of 1.1:1 (amended to 0.6:1 for the period ending March 31, 2019)

As at December 31, 2018, the Group was in compliance with these ratios.

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

2020	\$	1,673
2021		1,681
2022		9,965
2023		-
		13,319
Less: current portion		(1,673)
Long-term portion	\$	11,646

15. Income Tax

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 27% to earnings before income taxes. The Company's taxable income for the years ended December 31, 2018 and 2017 was generated in the United States, which is subject to approximately a 21% tax rate (2017 - 34%), and Canada which is subject to a 27% tax rate (2017 - 26%).

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

For the year ended December 31,	2018	2017
Profit before income taxes	\$ 674	\$ 574
Combined Canadian federal and provincial income tax rates	27%	26%
Expected income tax expense	182	149
Items that cause an increase (decrease):		
Permanent differences	438	457
Differing tax rates in foreign jurisdiction	(14)	(56)
Change in unrecognized temporary differences	(487)	(114)
Change in foreign exchange rates	20	(89)
Adjustment to prior year's provision and other	(15)	(282)
Income tax expense	\$ 124	\$ 65

For the year ended December 31,	2018	2017
Current income tax expense	\$ 816	\$ 674
Deferred income tax recovery	(692)	(609)
Income tax expense	\$ 124	\$ 65

b) Deferred tax assets and liabilities

The composition of the Company's net deferred income tax liabilities at December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Deferred income tax assets (liabilities):		
Property and equipment	\$ (517)	\$ (165)
Non-capital losses	42	-
Share issuance costs	367	-
Tax reserves deductible in the future	130	91
Intangible assets and other	(2,073)	(1,285)
Deferred income tax liability	\$ (2,051)	\$ (1,359)

At December 31, 2017, the Company had unrecognized deductible temporary differences related to share issuance costs of \$115. In 2018, management determined that it was probable that future taxable profits would be available against which the share issuance costs could be utilized, and therefore recognized a deferred tax asset with respect to share issuance costs.

c) Non-capital losses and unused tax credits

At December 31, 2018, the Company had \$158 (2017 - \$nil) of losses for income tax purposes which can be used to reduce future taxable income in Canada. At December 31, 2018, the Company had deductible share issuance costs of \$1,339 (2017 - \$389) which may be used to reduce future taxable income in Canada.

16. Share Capital*a) Shares issued and outstanding*

	Shares (000s)		Amount
Balance as at December 31, 2016	5,763	\$	9,854
Shares issued under ESPP	26		87
Exercise of stock options	24		92
Exercise of agent warrants	68		307
Acquisition vendor shares released from escrow	73		235
Balance as at, December 31, 2017	5,954		10,575
Shares issued under ESPP	24		93
Exercise of stock options	78		344
Exercise of agent warrants	50		259
Acquisition vendor shares released from escrow	73		235
Shares issued to vendors on business acquisitions	961		3,799
Shares issued for cash proceeds	3,738		14,950
Share issuance costs	-		(1,357)
Agent warrants issued as commission	-		(54)
Balance as at December 31, 2018	10,878	\$	28,844

The Company had the following share capital transactions for the year ended December 31, 2018:

- (i) During the year, the Company issued 23,628 common shares pursuant to the Employee Share Purchase Plans (the "ESPP"). Pursuant to the ESPP, employees may request to purchase a select number of shares from the Group by paying upfront or the Group will provide a loan to the employee repayable over twelve months. Subject to certain restrictions, employees will receive one additional common share eighteen months from the date of initial purchase for every three common shares acquired. As at December 31, 2018, \$8 (December 31, 2017 - \$18) was owed to the Group by employees relating to the ESPP.
- (ii) During the year, the Company issued 77,500 common shares on the exercise of stock options.
- (iii) During the year, the Company issued 50,504 common shares on the exercise of agent warrants.
- (iv) During the year, 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.
- (v) On May 30, 2018, the Company acquired Slimline. In conjunction with the acquisition, on May 30, 2018, the Company issued 257,733 common shares to the vendors of Slimline at a price of \$3.88 per share. Subsequently, on December 21, 2018, an additional 25,424 common shares, at \$3.88 per share, were issued to the vendors on the settlement of the earn-out as described in note 6 (a).
- (vi) On June 28, 2018, the Company acquired Hawk. In conjunction with the acquisition, the Company issued 678,392 common shares to the vendors of Hawk at a price of \$3.98 per share.
- (vii) Concurrent with the acquisition of Hawk, the Company closed a prospectus offering of 3,737,500 common shares, including an over-allotment, at a price of \$4.00 per share. Share issue costs with respect to the prospectus offering aggregated \$1,357 on a cash basis. In addition, 243,477 agent warrants, with a \$4.00 exercise price, were issued in connection with this prospectus offering.

The Company had the following capital stock transactions for the year ended December 31, 2017:

- (i) During the year, the Company issued 25,793 common shares pursuant to the ESPP.

- (ii) During the year, the Company issued 24,500 common shares on the exercise of stock options.
- (iii) During the year, the Company issued 67,588 common shares on the exercise of agent warrants.
- (iv) During the year, 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.

Common shares that remain in escrow are as follows:

In (000s)	December 31, 2018	December 31, 2017
In relation to:		
The Company's qualifying transaction	-	142
Acquisition of Blaze King	-	49
Acquisition of Unicast	183	275
Acquisition of Slimline	283	-
Acquisition of Hawk	678	-
ESPP	17	22
	1,161	488

b) Warrants

The Company has the following warrants outstanding and exercisable:

Warrants	Number of warrants (000s)	Weighted average exercise price (\$)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding and exercisable, December 31, 2016	123	\$ 2.84	\$ 1.95	0.79
Warrants issued	-	-	-	-
Warrants exercised	(68)	2.67	1.79	-
Warrants expired	(1)	2.00	0.88	-
Outstanding and exercisable, December 31, 2017	54	\$ 3.00	\$ 2.16	0.46
Warrants issued	243	4.00	0.19	-
Warrants exercised	(50)	3.03	2.10	-
Warrants expired	(5)	3.00	2.16	-
Outstanding and exercisable, December 31, 2018	242	\$ 4.00	\$ 0.22	1.01

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.

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

Stock Options	Number of options (000s)	Weighted average exercise price (\$)	Weighted average grant date fair value (\$)	Weighted average years remaining
Outstanding and exercisable, December 31, 2016	531	\$ 2.87	\$ 1.91	8.71
Options issued	-	-	-	-
Options exercised	(24)	2.00	1.78	-
Outstanding and exercisable, December 31, 2017	507	\$ 2.92	\$ 1.91	7.89
Options issued	385	4.34	0.69	-
Options exercised	(78)	2.58	1.87	-
Outstanding and exercisable, December 31, 2018	814	\$ 3.62	\$ 1.34	8.41

In 2018, the Company recorded \$265 of share-based compensation expense related to the stock options issued in the year. This share-based compensation expense represents the estimated fair value of the stock options granted in the year, using the Black-Scholes option-pricing model with the following assumptions: dividend yields of 8.7% - 8.9%; expected volatility of 39% - 40%; risk-free interest rates of 2.0% - 2.3%; forfeiture rates of 0%; market prices of \$4.00 - \$4.35, and weighted average lives of five years. The options vested immediately on grant.

17. 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, 2018 and the year ended December 31, 2017, other than the December 31, dividends, which are paid subsequent to year end in each respective year:

Month	2018		2017	
	Per share (\$)	Dividend Amount (\$)	Per share (\$)	Dividend Amount (\$)
January	\$ 0.030	186	\$ 0.025	\$ 152
February	0.030	186	0.025	153
March	0.030	186	0.030	184
April	0.030	187	0.030	184
May	0.030	195	0.030	184
June	0.030	312	0.030	184
July	0.030	329	0.030	184
August	0.030	329	0.030	184
September	0.030	329	0.030	184
October	0.030	330	0.030	184
November	0.030	330	0.030	185
December	0.030	331	0.030	185
Total	\$ 0.360	\$ 3,230	\$ 0.350	\$ 2,147

A dividend reinvestment and cash purchase plan (“DRIP”) was implemented effective for the Company’s dividend declared in December 2018 and payable on January 15, 2019. The DRIP provides eligible shareholders with the opportunity to reinvest the dividends they receive into additional common shares of the Company at a 3% discount to the five-day volume weighted average closing price. The DRIP also permits shareholders to purchase new common shares by way of an additional cash payment at the five-day volume weighted average closing price. The maximum number of common shares that may be issued under the DRIP is 400,000 shares.

18. Sales

The following is a breakdown of revenue from the sale of retail and manufactured products:

For the year ended	December 31, 2018	December 31, 2017
Manufactured products	\$ 36,940	\$ 23,451
Retail products	1,053	-
	\$ 37,993	\$ 23,451

All of the retail sales occurred in Slimline.

The following is a breakdown of sales by type of product:

For the year ended	December 31, 2018	December 31, 2017
Agricultural products	\$ 3,381	\$ -
Cast wear part products	8,440	8,506
Hearth products	15,586	14,945
Machined products	10,586	-
	\$ 37,993	\$ 23,451

The following is the geographic breakdown of revenue based on the location of the customer:

For the year ended	December 31, 2018	December 31, 2017
Canada	\$ 19,913	\$ 6,588
United States	15,957	14,865
Other	2,123	1,998
	\$ 37,993	\$ 23,451

19. Manufacturing Costs

For the year ended	December 31, 2018	December 31, 2017
Labour and materials	\$ 20,757	\$ 10,728
Freight and shipping	2,007	1,254
Depreciation	819	394
Fair value adjustment of inventory on acquisition	620	835
Inventory write-downs and obsolescence allowance	337	-
Warranty charges	217	237
	\$ 24,757	\$ 13,448

During the year ended December 31, 2018, an allowance of (\$164) was recorded for potentially obsolete inventory in Unicast. Additionally, management reviewed the net realizable value of several items of Unicast inventory and determined that a further write down of (\$173) was warranted.

Manufacturing costs for 2018 and 2017 include non-cash charges to expense the fair value increment of acquired inventories sold in the period that were originally valued as part of the initial purchase in a business acquisition. The amounts for 2018 related to Slimline and Hawk, while the amounts for 2017 relate to Unicast.

20. Financing Costs

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

For the year ended	December 31, 2018	December 31, 2017
Interest and bank charges	\$ 183	\$ 134
Interest on long-term debt	506	368
	\$ 689	\$ 502

21. Working Capital

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

For the year ended	December 31, 2018	December 31, 2017
Accounts receivable	\$ (1,586)	\$ (1,022)
Inventory	642	(61)
Prepaid expenses and deposits	(176)	(64)
Accounts payable and accrued liabilities	(688)	1,038
Customer deposits	220	(30)
Warranty provision	10	138
	\$ (1,578)	\$ (1)

22. Financial Instruments and Risk Management

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

Financial assets and liabilities recorded or disclosed at fair value in the consolidated statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. The following fair value hierarchy reflects the significance of inputs of valuation techniques used in making fair value measurements and/or disclosures.

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

The Group's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the year.

b) *Fair value disclosures*

At December 31, 2018 and 2017, the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and dividends payable, approximate their fair value due to their short-term nature.

The Company's term loan with the Bank of Nova Scotia (note 14) was measured and recognized in the consolidated statement of financial position at fair value as a level 2 financial instrument. Management determined that the carrying amount of this term loan approximates its fair value due to the variable interest rates applied to this facility, which approximate market interest rates.

The fair values of the Company's remaining long-term debt (note 14) are estimated based on level-two inputs, which are based on current market interest rates, and are not materially different than their carrying amounts.

c) *Financial risk management*

The Group's activities expose it to a variety of financial risks. The Group 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 Group's financial performance, where financially feasible to do so.

When deemed material, these risks may be monitored by the Group'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 Group will not be able to meet its financial obligations when they become due. To mitigate this risk, the Group has a planning and budgeting process in place to determine the funds required to support its ongoing operations and capital expenditures. The Group's cash and cash equivalents are held in business accounts which are available on demand for the Group's programs.

The contractual maturities of financial instruments are as follows:

	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
2018					
Accounts payable	\$ 4,562	\$ 4,562	\$ 4,562	\$ -	\$ -
Dividends payable	331	331	331	-	-
Long-term debt	13,275	14,659	2,269	12,390	-
Operating leases	2,310	2,310	661	1,649	-
	\$ 20,478	\$ 21,862	\$ 7,823	\$ 14,039	\$ -

	Carrying value	Total contractual cash flows	Within one year	Two to five years	More than five years
2017					
Accounts payable	\$ 3,611	\$ 3,611	\$ 3,611	\$ -	\$ -
Dividends payable	185	185	185	-	-
Long-term debt	8,401	9,280	1,286	7,994	-
Operating leases	850	850	321	513	16
	\$ 13,047	\$ 13,926	\$ 5,403	\$ 8,507	\$ 16

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 Group by those counterparties, less any amounts owed to the counterparty by the Group where a legal right of set-off exists and also includes the fair values of contracts with individual counterparties which are recorded in the consolidated financial statements.

The Group's credit risk is predominantly limited to cash and cash equivalent balances held in financial institutions, and the recovery of the Group's accounts receivable. The maximum exposure to the credit risk is equal to the carrying value of such financial assets. At December 31, 2018, the Group expects to recover the full amount of such assets, less any allowance for doubtful accounts included in accounts receivable (note 7).

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

	December 31, 2018		December 31, 2017	
Current	\$ 3,618	45.7%	\$ 1,860	47.9%
31-60 days	1,922	24.3%	1,316	33.9%
61-90 days	803	10.1%	134	3.4%
>90 days	1,577	19.9%	577	14.8%
	\$ 7,920	100.0%	\$ 3,887	100.0%

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

The increase in amounts due for over 60 days, relative to December 31, 2017, is primarily a result of extended terms offered to customers by Slimline to drive sales during its slower third quarter wherein certain cases the sales are not payable until Q1 2019. Days sales outstanding has also increased for Unicast; however, the increase is based partially on extended terms offered to certain customers in the year and management believes that the receivables, less expected credit losses, are collectible.

Cash and cash equivalents are only deposited with or held by major financial institutions where the Group conducts its business. In order to manage credit and liquidity risk, the Group 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.

iii. Currency risk

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

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

2018	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ 1,451	\$ 761	\$ (840)	\$ 443	1,815
Accounts receivable	2,369	2,515	549	2,841	8,274
Accounts payable	(2,547)	(815)	(272)	(928)	(4,562)
Dividend payable	(331)	-	-	-	(331)
Inter-company amounts	7,367	255	(7,622)	-	-
Long-term debt	(12,996)	(279)	-	-	(13,275)
Net exposure	(4,687)	2,437	(8,185)	2,356	(8,079)
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	122	409	-	531
OCI	\$ -	\$ -	\$ -	\$ (118)	(118)

2017	Entities with a CAD functional currency		Entities with a USD functional currency		Total
	CAD	USD	CAD	USD	
Cash	\$ 86	\$ 934	\$(263)	\$ 427	1,184
Accounts receivable	759	-	718	2,658	4,135
Accounts payable	(1,380)	-	(390)	(1,841)	(3,611)
Dividend payable	(185)	-	-	-	(185)
Inter-company amounts	7,652	(716)	(6,936)	-	-
Long-term debt	(8,109)	(292)	-	-	(8,401)
Net exposure	(1,177)	(74)	(6,871)	1,244	(6,878)
Effect of 5% strengthening of USD vs. CAD:					
Profit (loss)	-	(4)	344	-	340
OCI	\$ -	\$ -	\$ -	\$ (62)	(62)

The calculations above are based on the Group's consolidated statement of financial position exposure at December 31, 2018 and 2017 respectively.

iv. Interest rate risk

The Group is exposed to interest rate risk on its credit facility and long-term debt due to the interest rate on certain of these facilities being variable. The Group does not enter into derivative contracts to manage this risk.

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

Interest rate risk	December 31, 2018	December 31, 2017
Floating instruments	\$ 12,847	\$ 8,401
Average balance	10,624	8,647
Impact on profit (loss) of a change in interest rates:		
-1%	106	87
+1%	\$ (106)	\$ (87)

23. Management of Capital

The Company's objectives when managing capital are to safeguard the Group'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 Group 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, place new debt, refinance existing debt, or sell assets to fund operations. Management reviews its capital management approach on a regular basis.

As noted in note 14, the Group's lending agreement with the Bank of Nova Scotia imposes certain external minimum capital requirements including, but not limited to, maximum debt to EBITDA ratios and

minimum fixed charge coverage ratios. Additionally, the Group's operating line limit is subject to specific working capital criteria.

For the years ended December 31, 2018, and 2017, there were no changes in the Company's capital management policy.

The capital of the Group is calculated by management, as follows:

	December 31, 2018	December 31, 2017
Equity	\$ 23,417	\$ 7,361
Long-term debt, excluding debt issuance costs	13,319	8,438
	36,736	15,799
Less: cash and cash equivalents	(1,815)	(1,184)
	\$ 34,921	\$ 14,615

24. Related Party Transactions

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

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

During the year, the Company granted stock options to directors and officers of the Company to purchase 315,000 common shares. Compensation expense of \$217 (2017 - \$nil) was recorded in the consolidated statement of profit and comprehensive income with respect to these option grants.

Key management compensation for the years ended December 31, 2018 and 2017 includes:

	December 31, 2018	December 31, 2017
Salaries and benefits	\$ 291	\$ 168
Share-based compensation	217	-
	\$ 508	\$ 168

During the year, the Company incurred legal fees of \$40 (2017 - \$6) with a law firm in which a director of the Company was a partner.

During the year, the Company incurred occupancy costs of \$90 (2017 - \$nil) with a president of one of the Company's wholly-owned subsidiaries.

25. Commitments and Contingencies

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

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

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

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

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

A summary of the undiscounted liabilities and future operating commitments at December 31, 2018 are as follows:

	Total	Within one year	Two to five years	More than five years
Operating leases	\$ 2,310	\$ 661	\$ 1,649	\$ -

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.

26. Segmented Information

The Group's reporting is prepared on a consolidated basis as determined by the requirements of the Chief Executive Officer as the chief operating decision maker for the Group. The Company's reportable segments, as determined by management, sell similar product types to similar types of customers and share similar processes and distribution methods. The reportable segments are as follows:

- The finished product segment, which manufactures and sells products that are purchased and used by end customers as designed. Within the finished product segment are two separate businesses: Blaze King and Slimline.
- The component manufacturing segment, which manufactures and sells products based on specifications determined by its customers for use in its customers' processes. Within the component manufacturing segment are two separate businesses: Unicast and Hawk.
- In addition, the Canadian public company parent ("Head Office") is considered a third and separate segment, as its function is as an investment holding and management company.

The Group's segment reporting for the year ended December 31, 2018 and 2017 is as follows:

For the year ended December 31, 2018	Finished Product	Component Manufacturing	Head Office	Total
Sales	\$ 18,966	\$ 19,027	\$ -	\$ 37,993
Manufacturing costs	12,208	12,549	-	24,757
Gross margin	6,758	6,478	-	13,236
Profit before taxes	683	2,508	(2,517)	674
Income tax expense (recovery)	101	402	(379)	124
Profit (loss)	582	2,106	(2,138)	550
Total comprehensive income (loss)	\$ 772	\$ 2,331	\$ (2,138)	\$ 965

For the year ended December 31, 2017	Finished Product	Component Manufacturing	Head Office	Total
Sales	\$ 14,945	\$ 8,506	\$ -	\$ 23,451
Manufacturing costs	8,903	4,545	-	13,448
Gross margin	6,042	3,961	-	10,003
Profit before taxes	1,567	397	(1,390)	574
Income tax expense (recovery)	146	(93)	12	65
Profit (loss)	1,422	489	(1,402)	509
Total comprehensive income (loss)	\$ 1,111	\$ 260	\$ (1,402)	\$ (31)

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

December 31, 2018	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$ 7,890	\$ 9,646	\$ 246	\$ 17,782
Total current liabilities	2,039	2,914	2,306	7,259
Total assets	11,815	8,477	24,037	44,329
Total liabilities	\$ 3,579	\$ 4,264	\$ 13,069	\$ 20,912

December 31, 2017	Finished Product	Component Manufacturing	Head Office	Total
Total current assets	\$ 5,513	\$ 4,592	\$ 36	\$ 10,141
Total current liabilities	1,406	2,373	1,348	5,127
Total assets	10,333	10,951	36	21,320
Total liabilities	\$ 2,450	\$ 2,559	\$ 8,950	\$ 13,959

For the year ended December 31, 2018, the Group's largest customer accounted for 26% of sales. Sales from this customer are included in the component manufacturing segment. Other than this customer, the Group is not dependent on any other single customer for a significant portion of their sales.

27. Events after the Reporting Period

Except as disclosed elsewhere in these financial statements, the following events occurred subsequent to December 31, 2018 and before these financial statements were authorized.

(i) Dividends declared:

- a dividend of \$0.03 per share was declared on January 15, 2019 for shareholders of record on January 31, 2019 and was paid on February 15, 2019.
- a dividend of \$0.03 per share was declared on February 15, 2019 for shareholders of record on February 28, 2019 and was paid on March 15, 2019.
- a dividend of \$0.03 per share was declared on March 15, 2019 for shareholders of record on March 29, 2019 and was paid on April 15, 2019.
- a dividend of \$0.03 per share was declared on April 15, 2019 for shareholders of record on April 30, 2019 and will be paid on May 15, 2019.