The Western Investment Company of Canada Limited

Consolidated Financial Statements
December 31, 2017 and 2016

April 23, 2018

Independent Auditor's Report

To the Directors of
The Western Investment Company of Canada Limited

We have audited the accompanying consolidated financial statements of The Western Investment Company of Canada Limited, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Western Investment Company of Canada Limited as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

The Western Investment Company of Canada Limited

Consolidated Statements of Financial Position

As at December 31, 2017 and 2016

	2017 $	2016 $
Assets		
Current assets		
Cash and cash equivalents	2,130,300	45,067
Cash held in trust	8,550,000	-
Accounts receivable	12,087	-
Due from related parties (note 12)	75,173	280,942
Prepaids	9,320	-
	10,776,880	326,009
Investment in associates (note 5)	9,271,144	3,787,870
Total assets	20,048,024	4,113,879
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	277,268	322,370
Current portion of bank loan (note 7)	510,000	-
	787,268	322,370
Bank loans (note 7)	4,540,000	-
Total liabilities	5,327,268	322,370
Shareholders' Equity		
Share capital (note 8)	15,737,376	4,428,456
Contributed surplus (note 8)	1,036,546	981,822
Deficit	(2,053,166)	(1,618,769)
Total equity attributable to common shareholders	14,720,756	3,791,509
Total liabilities and equity attributable to common shareholders	20,048,024	4,113,879

Subsequent events (note 13)

Approved by the Board of Directors

"Scott Tannas" Director   "Jim Dinning" Director

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

The Western Investment Company of Canada Limited

Consolidated Statements of Comprehensive Loss

For the years ended December 31, 2017 and 2016

	2017 $	2016 $
Income		
Income (loss) from equity investments (note 5)	542,513	(222,130)
Interest income	46,932	-
Management fees (note 12)	100,000	-
	689,445	(222,130)
Expenses		
Qualifying transaction	-	534,815
Legal fees	177,157	75,184
Regulatory	61,041	18,304
Other	118,785	31,143
Accounting	152,003	41,477
Consulting	86,904	22,844
Management and directors’ compensation	407,188	-
Write-off option to purchase (note 6)	50,000	-
Share-based compensation (note 8)	70,764	637,932
	1,123,842	1,361,699
Net loss and comprehensive loss for the year	(434,397)	(1,583,829)
Net loss per share		
Basic and diluted	(0.016)	(0.163)
Weighted average number of shares outstanding		
Basic and diluted	27,687,231	9,687,913

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

The Western Investment Company of Canada Limited

Consolidated Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

	Number of shares	Share capital $	Contributed surplus $	Deficit $	Total $
Balance – December 31, 2015	2,000,000	468,000	-	(34,940)	433,060
Issuance of common shares	9,443,006	4,787,954	-	-	4,787,954
Deferred share issuance costs	-	(827,498)	-	-	(827,498)
Issuance of share based compensation	-	-	981,822	-	981,822
Net loss and comprehensive loss for the period	-	-	-	(1,583,829)	(1,583,829)
Balance – December 31, 2016	11,443,006	4,428,456	981,822	(1,618,769)	3,791,509
Issuance of common shares	19,115,250	12,424,753	-	-	12,424,753
Deferred share issuance costs	-	(990,993)	-	-	(990,993)
Share repurchase	(240,500)	(124,840)	(16,040)	-	(140,880)
Issuance of share based compensation	-	-	70,764	-	70,764
Net loss and comprehensive loss for the year	-	-	-	(434,397)	(434,397)
Balance – December 31, 2017	30,317,756	15,737,376	1,036,546	(2,053,166)	14,720,756

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

The Western Investment Company of Canada Limited

Consolidated Statements of Cash Flows

For the years ended December 31, 2017 and 2016

	2017 $	2016 $
Cash provided by (used in)		
Operating activities		
Net loss and comprehensive loss	(434,397)	(1,583,829)
Net change in non-cash working capital	139,261	(2,387)
Adjustments for non-cash items		
(Income) loss from equity investments (note 5)	(542,513)	222,130
Write-off of option to purchase (note 6)	50,000	-
Share-based compensation (note 8)	70,764	637,932
Consulting expenses paid with shares (note 8)	5,040	287,954
Cash used in operating activities	(711,845)	(438,200)
Investing activities		
Purchase of investment in associates (note 5)	(4,990,762)	(4,010,000)
Cash held in trust for equity investment in Ocean	(8,550,000)	-
Cash used in investing activities	(13,540,762)	(4,010,000)
Financing activities		
Proceeds from issuance of shares (note 8)	12,419,713	4,500,000
Share issuance costs	(990,993)	(483,608)
Repurchase of shares	(140,880)	-
Proceeds from bank loan for Ocean (note 7)	5,100,000	-
Financing costs	(50,000)	-
Cash provided by financing activities	16,337,840	4,016,392
Increase (decrease) in cash and cash equivalents during the year	2,085,233	(431,808)
Cash and cash equivalents – Beginning of year	45,067	476,875
Cash and cash equivalents – End of year	2,130,300	45,067
Supplemental information		
Income taxes paid	-	-
Interest paid	-	-

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

1 Incorporation

The Western Investment Company of Canada Limited ("Western" or the "Corporation") was incorporated pursuant to the provisions of the Business Corporations Act (Alberta) on October 28, 2015 ("Incorporation"). The Corporation was classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange"), until the Corporation completed its qualifying transaction on December 16, 2016 (note 2). The Corporation's common shares began trading on December 30, 2016 and are listed on the TSX Venture Exchange under the stock symbol WI.

2 Nature of operations and continuance of operations

The head office and principal address of the Corporation is 1010 24th Avenue S.E., High River, Alberta T1V 2A7 and the address of the registered office is Suite 1600, Dome Tower, 333 – 7th Avenue S.W., Calgary, Alberta T2P 2Z1.

The consolidated financial statements of the Corporation for the years ended December 31, 2017 were approved and authorized for issuance by the Corporation's Board of Directors on April 23, 2018.

Western's strategy is to acquire a diversified portfolio of established Western Canadian private businesses and create value through the identification, acquisition and long-term ownership of private businesses with sustained cash flows and strong potential for organic growth.

Western's targeted industry verticals aligns with the industry expertise of the Board of Directors and include: (i) financial services and insurance; (ii) retail and distribution; (iii) human services; (iv) agriculture and related services; and (v) special situations. Western's ideal acquisition enterprise value is between $10 million to $100 million and it will consider ownership between 30% and 100%. Western will prospect acquisitions from: (i) director and executive networks; (ii) mid-market accounting and M&A advisors and (iii) private equity and corporate divestitures.

Where an acquisition is warranted, additional funding may be required. The ability of the Corporation to fund its potential future operations and commitments is dependent on the ability of the Corporation to obtain additional financing.

GlassMasters – Equity Investment

On December 16, 2016, the Corporation closed its qualifying transaction with the purchase of a 50.1% interest in GlassMasters ARG Autoglass Three Inc., which owned 100% of GlassMasters ARG Autoglass Two Inc. As of January 1, 2017, GlassMasters ARG Autoglass Three Inc. was amalgamated with GlassMasters ARG Autoglass Two Inc. resulting in one legal entity GlassMasters ARG Autoglass Two Inc. ("GlassMasters").

GlassMasters is an automotive glass service company providing repair and replacement of windshields, side windows, side mirrors, rear windows and sunroofs ("Service Division") and an automotive glass warehouse that imports to sell wholesale a full line of quality aftermarket glass parts and materials at low prices ("Wholesale Division"). GlassMasters' current principal markets are the Calgary, Edmonton and Red Deer regions.

The Service Division sells to retail and account based customers. Account based customers are comprised of dealerships, auto-body shops, fleet companies and car rental companies. Services are provided at seven retail locations as well as by 22 mobile repair and installation units. The majority of the Wholesale Division's sales are to the Service Division from its two locations in Calgary and Edmonton. The remaining balance of the Wholesale Division's sales are to other retailers in Alberta.

Golden Healthcare – Equity Investment

On September 1, 2017, the Corporation obtained a 30% equity investment in three Saskatchewan senior care homes (including Hill View Manor Ltd. in Estevan, The Good Shepherd Villas Inc. in Prince Albert, and William Albert House Ltd. in the Regina suburb of Emerald Park), and a 25% interest in Golden Health Care Management Inc. (together referred to as "Golden"). The management company, Golden Health Care Management Inc., oversees the operations of a portfolio of senior care homes, including but not limited to the homes that the Corporation has investments in. All the homes operate under the Golden Health Care banner that includes a number of senior care homes that Western does not have ownership in.

Golden Health Care is the largest full-service retirement operator in Saskatchewan. All homes in our portfolio have been operating at 100% occupancy rates with significant waiting lists.

Ocean Sales Group Ltd - Wholly Owned Subsidiary

On November 22, 2017, Western incorporated Ocean Sales Group Ltd. ("Ocean") as a wholly owned subsidiary for the purposes of acquiring an interest in the Ocean sales group of companies (note 13). At December 31, 2017 Ocean was 100% owned by Western and as such its statement of financial position and results of operations for the year ended 2017 are included in these consolidated financial statements.

3 Basis of preparation

Statement of compliance

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

Basis of measurement

These consolidated financial statements are presented in Canadian dollars which is the Corporation's functional currency and were prepared on a going concern basis, under the historical cost convention, except as noted in note 4 to the consolidated financial statements.

The preparation of timely financial statements necessitates the use of judgements, estimates and assumptions that will affect assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as revenues and expenses during the reporting periods.

4 Summary of significant accounting policies

Cash and cash equivalents

Cash and cash equivalents consist of demand deposits with accredited financial institutions in Canada.

Cash held in trust

At December 31, 2017, $8,550,000 (2016 – $nil) was held in trust with the Corporation's legal counsel. This cash was being held in escrow under the terms of the Ocean Sales Group share purchase agreement expected to be completed on January 1, 2018.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are obligations to pay for goods and services that have been purchased in the normal course of business and are classified as current liabilities if the payment is due within one year or less. If not, they are presented as non-current liabilities. Accounts payable and accrued liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Revenue recognition

The Corporation recognizes revenues when they are earned, specifically when all the following conditions are met:

- Services are provided or products are delivered to customers;
- There is clear evidence that an arrangement exists;
- Amounts are fixed or can be determined; and
- The ability to collect is reasonably assured.

Stock-based compensation

The Corporation has a stock option plan in accordance with the policies of the Exchange which allows the Board of Directors to grant options to directors, officers, employees and consultants of the Corporation to purchase common shares of the Corporation at a stipulated price. The option grants will not exceed 10% of the issued and outstanding common shares of the Corporation. In addition, the number of common shares reserved for issuance to any one person will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to any consultant or employee will not exceed 2% of the issued and outstanding common shares.

The Corporation measures these amounts at fair value at the grant date using the Black-Scholes option pricing model and compensation expense is recognized over the vesting period.

Use of estimates and judgements

The preparation of consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Use of the equity method for the Corporation's investment in associate

Western holds a 50.1% equity interest in GlassMasters and holds two of the seven board positions. However, pursuant to a unanimous shareholders agreement governing GlassMasters, Western does not have the right to appoint a majority of GlassMasters' board members. The unanimous shareholders agreement mandates certain other terms and conditions, including that certain significant decisions require the approval of five of seven board members in order to be approved (i.e. approval of annual business plan and budget), and this would include the appointment or removal of senior management and board members. As a result, Western's investment in GlassMasters does meet the definition of 'significant influence' and has been accounted for as an investment in associate using the equity method of accounting.

Investment Entities

Western has assessed if the Corporation would qualify as an investment entity as defined in IFRS 10, "Consolidated Financial Statements", which requires that a company invest funds solely for returns from capital appreciation, investment income, or both, and evaluates the performance of its investments on a fair value basis. Western noted that the Corporation would not qualify as an investment entity as there is no clear exit strategy for its investments as part of its business plan for the investments and does not primarily evaluate its investments based on their fair values. As a result, Western has accounted for its investment in associates using the equity method.

Share-based compensation

Option pricing models require the input of highly sensitive assumptions including the expected price volatility, expected dividends and expected life. Changes in the subjective input assumptions can materially affect the fair value estimate.

Principles of consolidation

Subsidiaries

The consolidated financial statements include the amounts of The Western Investment Company of Canada Ltd and its subsidiaries that it controls as of the reporting date. Control exists when the Corporation is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidated financial statements include the amounts of The Western Investment Company of Canada Ltd and its wholly-owned subsidiary, Ocean.

All intra-group balances and transactions, and any unrealized income and expenses arising from the intra-group transactions have been eliminated in preparing the consolidated financial statements. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, amounts reported by subsidiaries or associates have been adjusted to conform to the Corporation's accounting policies.

Associates

An associate is an entity over which the Corporation exercises significant influence, without having control or joint control. The Corporation's investment in associates is accounted for using the equity method. Under this method, investments are initially recognized at cost and, thereafter, the carrying amount is increased or decreased by the Corporation's post-acquisition share of the associate's profit or loss.

The Corporation's share of its associate's post acquisition profits or losses is recognized in the consolidated statement of comprehensive loss, and its share of the post-acquisition movements in other comprehensive loss is recognized in other comprehensive income (loss). The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Corporation determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Corporation calculates the amount of the impairment as the difference between the recoverable amount and its carrying value and recognizes the amount as an impairment to investment in associates on the consolidated statement of comprehensive loss. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

Current income tax

Current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. Current tax is calculated using tax rates and laws that were enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred taxes are the taxes expected to be payable or recoverable on differences between the carrying amounts of assets in the consolidated statement of financial position and their corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences between the carrying amounts of assets and their corresponding tax basis. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax is provided on temporary differences arising on investment in associates, except for deferred income taxes where the timing of the reversal of the temporary difference is controlled by the Corporation and it is probable that the temporary difference will not reverse in the foreseeable future.

Financial instruments

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized upon extinguishment. A modification of a financial liability with an existing lender is evaluated to determine whether the amendment results in substantially different terms in which case it is accounted for as an extinguishment.

All financial instruments are initially measured at fair value on the consolidated statement of financial position. The Corporation measures financial instruments in subsequent periods depending on how the instrument has been classified. Financial instruments classified as held to maturity, loans and receivables and other financial liabilities are measured initially at fair value, and subsequently at amortized cost using the effective interest rate method. Cash and cash equivalents and due from related party are classified as loans and receivables. Accounts payable and accrued liabilities are classified as other financial liabilities. Transaction costs are included in the initial measurement of the financial instrument.

Financial assets and liabilities are not offset unless they are with a counterparty for which the Corporation has a legally enforceable right to settle the financial instruments on a net basis and the Corporation intends to settle on a net basis.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

An impairment of loans and receivables carried at amortized cost is recognized in earnings when the asset’s carrying amount exceeds the present value of estimated future cash flows discounted at the financial asset’s original effective interest rate. A reduction in an impairment charge may be recognized if the decrease is related objectively to an event occurring after the impairment was recognized.

Where an impairment charge is subsequently reversed, the carrying amount of the asset is increased to the revised recoverable amount which does not exceed the carrying amount had no impairment charge been recognized in previous periods. A reversal of an impairment charge is recognized immediately in earnings.

Related party transactions

Transactions with related parties are entered into at the exchange amounts which are the amounts established and agreed to by the parties.

Recent accounting pronouncements

IFRS 16, Leases

In January, 2016, the IASB issued IFRS 16, "Leases", which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements and may continue to be treated as operating leases.

Lessors will continue with a dual lease classification model. Classification will determine how and when a lessor will recognize lease revenue, and what assets would be recorded. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 "Revenue from Contracts with Customers" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. The Corporation is currently evaluating the impact of adopting the standard on its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers" replacing IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded.

IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation plans to adopt this standard using the modified retrospective approach. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

IFRS 9, Financial Instruments

IFRS 9 is the new standard on classification, measurement and impairment of financial assets and liabilities that will replace IAS 39, "Financial Instruments: Recognition and Measurements". The latest version of IFRS 9 was issued in July, 2014. The package of improvements introduced by IFRS 9 includes a revised model for classification and measurement based on business model and cash flow tests, a single, forward-looking 'expected loss' impairment model and a substantially revised risk based approach to hedge accounting. IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2018. The adoption of this standard is not expected to have a material impact on the Corporation's consolidated financial statements.

5 Investment in associate

The investment in associate balance consists of:

	2017 $	2016 $
Western's interests in Golden Healthcare group of companies	4,975,548	-
Western's interest in GlassMasters ARG Autoglass Two Inc.	4,295,596	3,787,870
	9,271,144	3,787,870

a) Nature of investments in associates and joint arrangements

Glass Masters ARG Autoglass Two Inc.

The Corporation holds a 50.1% interest in GlassMasters through its ownership of 4,010,000 common shares. It has two of seven directors appointed to the GlassMasters board of directors. Through the extent of its share ownership and its seats on the board of directors, the Corporation has the ability to exercise significant influence but not control over GlassMasters and accordingly, the Corporation is using the equity method to account for this investment.

As part of the Corporation's qualifying transaction, under the terms of its asset purchase agreement, GlassMasters has agreed to pay contingent consideration to the vendor under certain circumstances. The consideration consists of payments by GlassMasters for performance conditions, including: gross profit generated over the next 4 years (up to a maximum of $0.75 million) and expansion valuation premium payments ($200,000 per location), subject to minimum gross profit targets being achieved. The estimated fair value of this contingent consideration payable recognized by GlassMasters (100%) is $1,033,391 (2016 – $1,375,954), which was estimated using probability-weighted discounted future cash flows.

Under the terms of GlassMasters credit facilities, shares in GlassMasters (100%) have been pledged as collateral from the owners of the shares, including the Corporation, certain financial covenants have been placed on GlassMasters ability to provide distributions to its equity investors, including the Corporation.

Golden Healthcare group of companies

On September 1, 2017, the Corporation completed the acquisition Golden. Western appoints two of nine members of the board of directors of Golden Healthcare Management Inc., the company that oversees the operating companies. Through its share ownership and its appointments to the board of directors, the Corporation can exercise significant influence over the investments in Golden and accordingly, the Corporation is using the equity method to account for the Golden investment.

The purchase price for the acquisition transaction was $4,940,762 and the fair value adjustment on land and building at acquisition was $2,519,639.

One of the senior care homes that Western invested in, The Good Shepherd Villas Inc. had preferred shares issued and outstanding at the date of acquisition. Westerns investment in this entity included 30% of these preferred shares valued at $249,300. The preferred shares carry voting rights, pay cumulative dividends at 11% and are redeemable and retractable, by the holders of the shares, at the original issue price of $1.00 per share and have been recorded in Western's investment in associates at their fair value as at December 31, 2017.

b) Summarized financial information for investees

The below summarized financial information of the associate (disclosed at 100%) is presented in accordance with IFRS, prior to any inter-company eliminations, adjusted to reflect any adjustments required when applying the equity method of accounting for the investments.

Summarized financial information as at December 31, 2017 and for the year then ended

	GlassMasters $	Golden[(1)] $
Current assets	4,448,880	1,332,226
Non-current assets	14,833,631	19,595,402
Current liabilities	2,613,770	1,411,437
Non-current liabilities	8,087,846	12,133,150
Net assets	8,580,895	7,383,041
Revenue	19,052,752	2,724,128
Net income and comprehensive income	1,020,592	115,724

(1)Golden summarized revenue and income financial information presented for the period since the acquisition date of September 1, 2017 to December 31, 2017.

Summarized financial information as at December 31, 2016 and for the year then ended

	GlassMasters[(1)] $
Current assets	4,987,979
Non-current assets	14,610,400
Current liabilities	2,577,218
Non-current liabilities	9,460,858
Net assets	7,560,303
Revenue	527,959
Net loss and comprehensive loss	(449,697)

(1)Western's share of GlassMaster's revenue and net income and comprehensive income presented for the period since the acquisition date of December 16, 2016 to December 31, 2016.

Summarized financial information as at Golden acquisition date September 1, 2017

	Golden $
Current assets	1,119,599
Non-current assets	19,793,653
Current liabilities	1,141,474
Non-current liabilities	12,704,464
Net assets	7,067,314
Revenue	-
Net income and comprehensive income	-

c) Reconciliation of investments in associates carrying value

The following table presents a reconciliation of the carrying amount of the investment in the Corporation's financial statements and the summarized financial information.

Reconciliation of the carrying value for the year ending December 31, 2017:

	GlassMasters $	Golden $
Western ownership interest	50.1%	25% - 30%
Share of net assets as of December 31, 2016	3,787,870	2,168,162(1)
Goodwill adjustment on acquisition	-	2,772,599
Share of comprehensive income	507,726	34,787(2)
Investment in associate as of December 31, 2017	4,295,596	4,975,548

(1)Western's share of Golden's net assets presented as at the acquisition date of September 1, 2017.

(2)Western's share of Golden's comprehensive income presented for the period since the acquisition date of September 1, 2017 to December 31, 2017.

Reconciliation of the carrying value for the year ended December 31, 2016:

	GlassMasters $	Golden $
Western ownership interest	50.1%	-%
As at acquisition – December 16, 2016	4,010,000	-
Share of comprehensive loss	(222,130)	-
Investment in associate as of December 31, 2016	3,787,870	-

6 Option to purchase

As part of the acquisition of the interest in Golden, the Corporation has acquired the option to purchase a 30% equity interest in GHC Yorkton Properties Inc. ("GHC Yorkton"). GHC Yorkton owns undeveloped land in Yorkton, Saskatchewan for future development of a multi-stage housing development. The option expires on August 31, 2018. At December 31, 2017 the Corporation determined the fair value of this option was nil and as such has written off the full value to the consolidated statement of income.

7 Bank loan

On December 28, 2017, Ocean obtained a $5.1 million fixed term loan from a major Canadian lender. As at December 31, 2017, Ocean was a wholly owned subsidiary of Western and thus these consolidated financial statements include the financial position and results of operations of Ocean. The loan was obtained to be used for the acquisition of the Ocean Sales Group of companies that occurred on January 1, 2018 (note 13).

The fixed term loan bears interest at the bank's prime rate plus 1.5% per annum with interest only payable for the first four months. Commencing on May 1, 2018, the loan is repayable with principle payments of $63,750 per month plus interest. The loan matures December 2024.

Ocean also has available a revolving operating loan to a maximum amount of $3.5 million for purposes of financing working capital (together with the fixed term loan, referred to as the facilities). The revolving operating loan is due on demand and bears interest at the bank's prime rate plus 0.75% per annum. No amounts were drawn on the revolving operating line at December 31, 2017.

Security for the facilities includes a general security agreement over all present and after acquired property of Ocean, assignment of insurance, and a share pledge agreement of all shares of Ocean.

8 Share capital

Authorized

Unlimited number of common shares, without par value
Unlimited number of preferred shares, without par value

Issued

During the year, 19,107,250 common shares were issued pursuant to the Corporation's short from prospectus (2016 – 9,000,000 IPO) at a price of $0.65 per share (2016 – $0.50 per share) and 8,000 common shares were issued in exchange for consulting services at a price of $0.63 per share (2016 – 443,006 at $0.65 per share). An expense in the amount of $5,040 (2016 – $287,954) was recognized as a result of the shares issued for consulting services. There were no preferred shares issued during the year. The following is a summary of the share capital issued at year-end.

	Number of shares	Amount $
Balance – December 31, 2015	2,000,000	468,000
Issuance of common shares	9,443,006	4,787,954
Deferred shares issuance costs	-	(827,498)
Balance – December 31, 2016	11,443,006	4,428,456
Issuance of common shares	19,115,250	12,424,753
Deferred shares issuance costs	-	(990,993)
Share repurchase	(240,500)	(124,840)
Balance – December 31, 2017	30,317,756	15,737,376

Escrow

All shares issued prior to the initial public offering, totaling 2,139,000 common shares, were deposited in escrow pursuant to the terms of two escrow agreements. These common shares are being released from escrow in stages over a period of 18 months after the date of the Final Exchange Bulletin dated December 16, 2016, pursuant to the Corporation's qualifying transaction. Twenty-five percent of the shares (534,750) have been released from escrow on each of December 19, 2016, June 19, 2017, and December 19, 2017. The remaining 534,750 shares will be released from escrow on June 16, 2018.

Stock option plan

The Corporation has adopted an incentive stock option plan as described in note 4, summary of significant accounting policies. In 2017, the Corporation granted 30,000 incentive stock options on April 21, 2017 and 180,000 on June 19, 2017. The 2017 stock options were granted to directors at an exercise price of $0.65 per share and are exercisable for a period of 10 years from the date of grant. For the years ended December 31, 2017 and December 31, 2016, shares issuable under the Corporation's stock option plan have been excluded from diluted earnings per share as the effect is anti-dilutive.

During the year ended December 31, 2017, share based compensation expense of $70,764 (2016 – $637,932) was recorded for the stock options granted to Directors. For the year ended December 31, 2017, share based compensation expense of $nil (2016 – $343,890) was charged directly to share capital as a share issuance cost for the options granted to the Agent. All options are settled in Western common shares. Amounts were calculated using the Black-Scholes option pricing model with the following assumptions for the years 2017 and 2016:

Risk free interest rate	0.47% – 1.52%
Vesting period	nil
Expected life of stock option	2 – 10 years
Volatility	50% – 70%
Dividends	-

The following stock options were outstanding at December 31, 2017:

Expiry date	Exercise price $	Number of options	Remaining contractual life (years)	Fair value of options $
February 24, 2026	0.50	960,000	8.15	0.5981
February 24, 2018 – Agent options	0.50	900,000	0.15	0.3821
April 6, 2026	0.56	140,000	8.27	0.4554
April 21, 2027	0.65	30,000	9.31	0.3914
June 19, 2027	0.65	180,000	9.47	0.3279

Subsequent to year-end, on February 24, 2018 the 900,000 agent options expired, and on February 6, 2018, 90 days after the resignation of a director, 200,000 options were forfeited.

Share repurchases

On May 23, 2017, the Corporation obtained regulatory approval to proceed with a normal course issuer bid (the "Bid") whereby Western may purchase up to a total of 1,500,000 common shares in the capital of the Corporation ("common shares") representing approximately 4.9% of the 30,550,256 common shares issued.

The Bid commenced on May 23, 2017 and will terminate on May 23, 2018. All acquisitions of common shares by the Corporation pursuant to the Bid will be made through the facilities of the Exchange at the market price of the common shares at the time of the acquisition.

From May 23, 2017 to December 31, 2017, 240,500 common shares were repurchased at a total price of $140,880. All shares repurchased are cancelled by the Corporation at the end of the month in which they are repurchased with a reduction to share capital at their average issued priced which totalled $124,840 in 2017. The difference between the issued price and the repurchase price of the shares repurchased in 2017 totaled $16,040 and was recorded as a reduction to contributed surplus.

9 Income taxes

a) Income tax expense

	2017 $	2016 $
Loss before income taxes	(434,397)	(1,583,829)
Income tax rate	27%	27%
Expected income tax recovery	(117,287)	(427,634)
Non-deductible portion of loss	50,560	25,100
Equity income	(146,479)	-
Financing fees deferred for tax	(267,568)	-
Non-deductible stock compensation	19,106	172,300
Tax benefits of current losses not recognized	461,668	230,234
Income tax	-	-

b) Deferred income taxes

At December 31, 2017, the Corporation's unrecognized deferred tax asset is as follows:

	2017 $	2016 $
Amounts related to share issuance costs	353,111	187,100
Unrealized capital loss	30,939	25,100
Capital assets	4,862	-
Non-capital losses	530,079	258,900
Unrecognized deferred tax asset	918,991	471,100

The aggregate outside basis differences, being the differences between the carrying amount of the investments in associates and the tax basis, as at December 31, 2017 amounted to $114,588 (2016 – $47,260). No deferred tax asset has been recognized as at December 31, 2017 as the Corporation's ability to recognize is not probable in the foreseeable future.

10 Capital management

The Corporation's capital consists of share capital and bank loans. The Corporation's objective for managing capital is to maintain sufficient capital to cover Western's expenses and to identify, evaluate and execute acquisitions of private businesses that meet Western's investment criteria.

The Corporation sets the amount of capital in relation to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets.

The Corporation's objectives when managing capital are:

- to maintain a flexible capital structure, which optimizes the cost of capital and acceptable risk; and
- to maintain investor, creditor and market confidence in order to sustain the future development of the business.

The Corporation is not subject to any externally or internally imposed capital requirements at December 31, 2017 and 2016, except for common shares held in escrow pursuant to the terms of an escrow agreement (note 7).

11 Financial instruments

The Corporation, as part of its operations, carries financial instruments consisting of cash, cash held in trust, accounts receivable, due from related parties and accounts payable and accrued liabilities. It is management's opinion that the Corporation is not exposed to significant credit, interest, or currency risks arising from these financial instruments, except as otherwise disclosed.

Fair value

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Corporation classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument.

Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in the active market for identical assets or liabilities.

Level 2: Fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The carrying amount of cash and cash equivalents, cash held in trust, accounts receivable, due from related parties and accounts payable and accrued liabilities approximate its fair value due to the short-term maturities of these items.

Credit risk

Credit risk is the risk of loss associated with the counterparty's inability to fulfill its payment obligations. Due to the nature of cash being held in trust with legal counsel or at a major Canadian bank and the receivable amount being due from a credit worthy related party, the Corporation believes it has no significant credit risk.

The Corporation's maximum exposure to credit risk, as related to certain financial instruments as identified in the table below, approximates the carrying value of the assets of the Corporation's consolidated statement of financial position.

	2017 $	2016 $
Cash and cash equivalents	2,130,300	45,064
Cash held in trust	8,550,000	-
Accounts receivables	12,087	-
Due from related parties	75,173	280,942
	10,767,560	326,006

Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meets its financial obligations as they become due. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. Policies and practices used include the preparation of budgets and forecasts which are regularly monitored and updated as considered necessary. Cash requirements are monitored on a monthly basis and short-term liquidity risks have been mitigated by obtaining a line of credit subsequent to year end (note 13). The Corporation's accounts payable are due within 12 months and are subject to normal trade terms. The long-term debt matures in 2024 (note 7). As at December 31, 2017 contractual obligations were as follows:

	2017 $	2016 $
Accounts payable and accrued liabilities	277,268	322,370
Current portion of long-term debt	510,000	-
Long-term debt	4,540,000	-
	5,327,268	322,370

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation, through its wholly owned subsidiary Ocean, obtained a term loan with floating interest rate on Dec 28, 2017. Due to the advancement of this loan not occurring until near the year-end date and having no other significant interest bearing assets or liabilities, the Corporation's income (loss) and operating cash flows are not significantly impacted by changes in market interest rates.

b) Foreign currency risk

The Corporation does not have assets or liabilities denominated in a foreign currency.

12 Related party transactions

As at December 31, 2017, $nil (2016 – $280,942) is due from GlassMasters for its share of the qualifying transaction expenses. As at December 31, 2017, $26,250 is due from GlassMasters for management fees (December 31, 2016 – $nil). In accordance with the terms of a management fee agreement, Western earned a management fee from GlassMasters of $100,000 in 2017, payable on a quarterly basis. Also included in amounts due from related parties is $46,730 (2016 – $nil) due from the vendors of the Golden shares for the working capital adjustment related to the September 1, 2017 acquisition.

Key management of Western includes the Corporation's executives and directors. During the year ended December 31, 2017, $121,779 was paid or payable to the directors as consulting expenses (2016 – $nil) and $275,997 was paid to key members of management (2016 – $nil). Share based compensation was awarded to directors of the Corporation, as disclosed in note 7.

13 Subsequent events

Acquisition of Ocean Sales Group of Companies

On January 1, 2018, the Corporation completed the acquisition of a 75% interest in the Ocean Sales Group of companies ("Ocean Sales") through its subsidiary, Ocean, where Western has a total equity investment of $3.45 million. Ocean Sales is an Alberta based specialty retailer with operations across North America. The total purchase price of the acquisition was approximately $9.5 million, funded through a cash equity investment, and term debt held in Ocean. Western has partnered with Ocean's founders who have retained a 25% equity interest in Ocean. Subsequent to this acquisition Western owned 75% of the shares of Ocean but did not have a majority of seats on the board of directors and as such has the ability to exercise significant influence over Ocean Sales, but not control. Accordingly, as of January 1, 2018, the Corporation uses the equity method to account for this investment and future financial statements of the Corporation will no longer contain the consolidated assets, liabilities and results of operations of Ocean Sales.

The following table is a summary of the financial information of Ocean Sales at the closing date, January 1, 2018:

	Ocean Sales **$**
Current assets	6,578,994
Non-current assets	4,759,258
Current liabilities	2,297,001
Non-current liabilities	4,540,000
Net assets	4,501,251

Acquisition of Foothills Creamery Ltd.

On February 28, 2018 the Corporation completed the acquisition of a 50.4% interest in Foothills Creamery Ltd. ("Foothills") for a total equity investment of $3.325 million. The total purchase price of the acquisition was $24.16 million plus contingent consideration of up to $3.5 million, including the market value of real estate valued by a third party. Western has partnered with a third party who obtained a 40% interest, and Foothill's founder and CEO who has retained the remaining 10%. The transaction was funded through a cash equity investment, 400,000 common shares of Western with a market value of $0.44 per share, and senior amortizing debt. Of the aggregate purchase price, Western paid an aggregate of $3,075,000 in cash and issued $250,000 in common shares of the Corporation for its equity investment in Foothills.

At the date of issuance of the financial statements, the Corporation was in the process of determining the accounting for the transaction.

Line of credit

On February 20, 2018 the Corporation obtained a demand revolving operating loan facility (‘the facility”) to the maximum amount of $1,500,000, with the potential for an additional $500,000 available on request, subject to the deliverable of various share pledges. The facility bears interest at the bank’s prime rate plus 2% per annum and carries a standby fee of 0.2% per annum on the unused portion. The facility was obtained firstly to be used toward the purchase price of Foothills Creamery Ltd., and secondly towards general corporate operating purposes. Security for the facility includes:

a) General security agreement over all present and after acquired property;

b) share pledge agreement in respect to the Corporation’s interest in its subsidiaries;

c) assignment of material contracts; and

d) continuing guarantee from each of the material subsidiaries of the Corporation.