Unaudited Condensed Consolidated Interim Financial Statements of

HAMMOND MANUFACTURING COMPANY LIMITED

Six months ended June 30, 2017 and July 1, 2016

Quarter 2, 2017 Report

MANAGEMENT’S COMMENTS ON UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying unaudited condensed consolidated interim financial statements of Hammond Manufacturing Company Limited (the “Company”) have been prepared by and are the responsibility of the Company’s management. The unaudited condensed consolidated interim financial statements are prepared in accordance with accounting principles generally accepted in Canada (these statements are prepared under International Financial Reporting Standards (IFRS)) and reflect management’s best estimates and judgment based on information currently available. The Company’s independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity’s auditor.

HAMMOND MANUFACTURING COMPANY LIMITED

Condensed Consolidated Statements of Financial Position
Unaudited
(in thousands of Canadian dollars)

	Note	June 30, 2017	December 31, 2016
Assets			
Current assets:			
Cash		$ 3,123	$ 614
Trade and other receivables	4	17,610	15,536
Income taxes receivable		-	460
Inventories	5	32,764	32,873
Prepaid expenses		1,107	1,131
Total current assets		54,604	50,614
Non-current assets			
Property, plant and equipment	6	28,868	29,538
Intangible assets and goodwill	7	296	323
Investment property	8	1,044	1,044
Equity investment		638	638
Total non-current assets		30,846	31,543
Total assets		**$ 85,450**	**$ 82,157**
Liabilities			
Current liabilities:			
Bank indebtedness	9	$ 8,399	$ 7,343
Trade and other payables	10	12,294	12,276
Income taxes payable		460	-
Current portion of provisions	11	113	125
Current portion of employee future benefits	12	67	67
Current portion of long-term debt	9	11,461	11,787
Total current liabilities		32,794	31,598
Non-current liabilities			
Employee future benefits	12	241	241
Long-term debt	9	6,076	6,056
Provisions	11	100	100
Deferred tax liabilities		912	898
Total non-current liabilities		7,329	7,295
Total liabilities		**40,123**	**38,893**
Equity:			
Share capital		10,249	10,249
Contributed surplus		290	290
Accumulated other comprehensive income		2,398	2,916
Retained earnings		32,390	29,809
Total equity		45,327	43,264
Total liabilities and equity		**$ 85,450**	**$ 82,157**

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

HAMMOND MANUFACTURING COMPANY LIMITED

Condensed Consolidated Statements of Comprehensive Income

Unaudited

(in thousands of Canadian dollars, except earnings per share)

		Six Months Ended:		Three Months Ended:	
	Note	**June 30, 2017**	**July 1, 2016**	**June 30, 2017**	**July 1, 2016**
Net product sales		$ 65,213	$ 59,785	$ 33,486	$ 28,011
Cost of sales		45,422	42,481	23,068	20,719
Gross profit		19,791	17,304	10,418	7,292
Selling and distribution		13,584	13,141	6,862	6,497
General and administrative		2,291	2,560	1,183	1,286
Research and development		165	167	71	95
Net loss on sale of property, plant and equipment		20	-	20	-
Income (loss) from operating activities		3,731	1,436	2,282	(586)
Interest expense	9	(512)	(373)	(261)	(229)
Foreign exchange gain		471	531	233	67
Net finance costs		(41)	158	(28)	(162)
Share of expenses from investment property	8	14	(40)	20	(34)
Income (Loss) before income tax		3,704	1,554	2,274	(782)
Income tax expense		1,123	439	695	(172)
Net income (loss) for the period		**2,581**	**1,115**	**$ 1,579**	**$ (610)**
Other comprehensive loss:					
Foreign currency translation differences for foreign operations		(518)	(1,258)	(382)	(156)
Other comprehensive loss for the period, net of income tax		(518)	(1,258)	(382)	(156)
Total comprehensive income for the year		**$ 2,063**	**$ (143)**	**$ 1,197**	**$ (766)**
Earnings per share					
Basic earnings per share	13	$ 0.23	$ 0.10	$ 0.14	$ (0.05)
Diluted earnings per share	13	$ 0.23	$ 0.10	$ 0.14	$ (0.05)

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

HAMMOND MANUFACTURING COMPANY LIMITED

Unaudited Condensed Consolidated Statements of Changes in Equity
For the six months ended June 30, 2017
(in thousands of Canadian dollars)

	Attributable to equity holders of the Company				
	Share Capital	**Contributed Surplus**	**AOCI****	**Retained earnings**	**Total equity**
Balance at January 1, 2017	$ 10,249	$ 290	$ 2,916	$ 29,809	$ 43,264
Total comprehensive income for six months ended June 30, 2017:					
Net income for the six months ended June 30, 2017		-	-	2,581	2,581
Other comprehensive loss:					
Foreign currency translation differences	-	-	(518)	-	(518)
Total comprehensive income for the period	-	-	(518)	2,581	2,063
Balance at June 30, 2017	$ 10,249	$ 290	$ 2,398	$ 32,390	$ 45,327

** Accumulated other comprehensive income (loss)

HAMMOND MANUFACTURING COMPANY LIMITED

Unaudited Condensed Consolidated Statements of Changes in Equity
For the six months ended July 1, 2016
(in thousands of Canadian dollars)

	Attributable to equity holders of the Company				
	Share Capital	**Contributed Surplus**	**AOCI****	**Retained earnings**	**Total equity**
Balance at January 1, 2016	$ 10,249	$ 290	$ 3,638	$ 29,351	$ 43,528
Total comprehensive income for six months ended July 1, 2016:					
Net income for the six months ended July 1, 2016		-	-	1,115	1,115
Other comprehensive loss:					
Foreign currency translation differences	-	-	(1,258)	-	(1,258)
Total comprehensive income for the period	-	-	(1,258)	1,115	(143)
Transactions with owners, recorded directly in equity:					
Dividends to equity holders	-	-	-	(226)	(226)
Balance at July 1, 2016	$ 10,249	$ 290	$ 2,380	$ 30,240	$ 43,159

** Accumulated other comprehensive income (loss)

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

HAMMOND MANUFACTURING COMPANY LIMITED

Unaudited Condensed Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

	Six Months Ended:		Three Months Ended:	
	June 30, 2017	**July 1, 2016**	**June 30, 2017**	**July 1, 2016**
Cash flows from operating activities				
Net income for the period	$ 2,581	$ 1,115	$ 1,579	$ (610)
Adjustments for:				
Depreciation of property, plant and equipment	1,472	1,289	727	756
Amortization of intangible assets	28	38	14	19
Interest expense	513	373	262	229
Income tax expense	1,122	439	695	(172)
Loss on sale of property plant and equipment	20	-	20	-
	5,736	3,254	3,297	222
Change in non-cash working capital:				
Inventories	94	(1,324)	9	(934)
Trade and other receivables	(2,284)	1,041	(483)	1,179
Prepaid expenses	22	78	(8)	15
Trade and other payables	46	(5,527)	1,395	(664)
Cash generated used in operating activities	3,614	(2,478)	4,210	(182)
Interest paid	(513)	(373)	(262)	(229)
Income tax paid	(187)	(742)	(182)	(568)
Net cash generated used in operating activities	**2,914**	**(3,593)**	**3,766**	**(979)**
Cash flows from financing activities				
Bank indebtedness	1,063	(72)	(704)	(670)
Payment of long-term debt	(967)	(165)	(569)	(165)
Advances of long-term debt	660	11,283	184	5,760
Net cash generated from financing activities	756	10,820	(1,089)	4,699
Cash flows from investing activities				
Acquisition of of property, plant and equipment	(834)	(3,380)	(601)	(863)
Intangible asset additions	-	(39)	-	(31)
Net cash used in investing activities	(834)	(3,419)	(601)	(894)
Net increase (decrease) in cash	**2,836**	**3,808**	**2,076**	**2,826**
Cash at beginning of period	614	263	1,274	938
Foreign exchange gain on cash and cash equivalents in a foreign currency	(327)	(144)	(227)	163
Cash at end of period	$ 3,123	$ 3,927	$ 3,123	$ 3,927

The notes on pages 7 to 18 are an integral part of these condensed consolidated interim financial statements.

1. Reporting entity:

Hammond Manufacturing Company Limited ("HMCL"or the"Company") is a public company traded on the Toronto Stock Exchange under the symbol "HMM.A" and is incorporated under the Ontario Business Corporations Act. The address of the Company's registered office is 394 Edinburgh Road North, Guelph, Ontario. The unaudited condensed consolidated interim financial statements of the Company as at and for the period ended June 30, 2017 include the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The Group primarily is involved in the design, manufacture and sale of electrical and electronic components. Facilities are located in Canada, the USA, the UK, Taiwan and Australia, with agents and distributors located worldwide. The Company also maintains a 40% ownership share of RITEC Enclosures Inc. (RITEC) located in Taiwan. RITEC produces plastic and die-cast enclosures for sale through the Company's sales network and its own existing market channels.

2. Basis of preparation:

(a) Statement of compliance:

These unaudited condensed consolidated interim financial statements have been prepared in accordance with requirements of IAS 34, International Financial Reporting Standards (IFRS) and do not include all of the information required for full annual financial statements. Accordingly, certain information and footnotes as required in the annual financial statements have been omitted or condensed and as such these interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2016. These condensed consolidated interim financial statements and the notes thereto have not been reviewed by the Company's external auditors pursuant to a review engagement applying review standards set out in the Canadian Institute of Chartered Accountants handbook.

The Board of Directors approved these unaudited condensed consolidated interim financial statements on July 31, 2017.

(b) Basis of measurement:

The unaudited condensed consolidated interim financial statements have been prepared on a historical cost basis.

(c) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on the historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates under different assumptions or conditions. Management's most critical estimates and assumptions in determining the value of assets and liabilities and most critical judgments in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year have been set-

(tabular amounts in thousands of Canadian dollars)

2. Basis of preparation - continued:

out in Note 2 of the Company's annual financial statements for the year ended December 31, 2016.

3. Summary of significant accounting policies:

The Company has prepared these unaudited condensed consolidated interim financial statements using the same accounting policies and methods as those used in the Company's audited consolidated annual financial statements for the year ended December 31, 2016.

4. Trade and other receivables:

	June 30, 2017	December 31, 2016
Trade receivables	$ 17,082	$ 15,024
Employee receivables	14	12
Other receivables	662	650
	17,758	15,686
Allowance for doubtful accounts	(148)	(150)
Trade and other receivables	$ 17,610	$ 15,536

The following table reflects the aging of trade receivable as at June 30, 2017 and December 31, 2016:

	June 30, 2017			December 31, 2016		
	Gross	Impairment	Carrying Value	Gross	Impairment	Carrying Value
Aging of trade receivables:						
1 – 30 days	$ 10,729	$ -	$ 10,729	$ 8,098	$ -	$ 8,098
31 – 60 days	5,006	-	5,006	5,394	-	5,394
61 – 90 days	1,116	-	1,116	1,225	-	1,225
Over 90 days	232	148	84	307	150	157
Trade receivables	$ 17,083	$ 148	$ 16,935	$ 15,024	$ 150	$ 14,874

(tabular amounts in thousands of Canadian dollars)

4. Trade and other receivables - continued:

The following table provides the roll forward of the allowance for doubtful accounts:

	June 30, 2017	December 31, 2016
Allowance for doubtful accounts, beginning of year	$ 150	$ 146
Accounts provided for in the period	(2)	6
Amounts written off during the period	-	(2)
Allowance for doubtful accounts	$ 148	$ 150
Allowance for doubtful accounts as % of net trade receivable	0.9%	1.0%

5. Inventories:

	June 30, 2017	December 31, 2016
Raw materials and work-in-process	$ 10,271	$ 9,981
Finished goods	22,493	22,892
Inventories	$ 32,764	$ 32,873

(tabular amounts in thousands of Canadian dollars)

6. Property plant and equipment:

Cost

	Land and buildings	Machinery and equipment	Tooling	Office equipment	Total
Balance at December 31, 2015	$ 19,128	$ 42,113	$ 9,715	$ 4,948	$ 75,904
Additions	$ 1,021	$ 2,484	$ 311	$ 214	$ 4,030
Disposals	-	(1,197)	-	-	(1,197)
Effect of movements in exchange rates	(19)	(122)	(269)	(51)	(461)
Balance at December 31, 2016	$ 20,130	$ 43,278	$ 9,757	$ 5,111	$ 78,276
Additions	$ 133	$ 372	$ 265	$ 63	$ 833
Disposals	-	(301)	(70)	(8)	(379)
Effect of movements in exchange rates	1	(46)	(29)	(1)	(75)
Balance at June 30, 2017	$ 20,264	$ 43,303	$ 9,923	$ 5,165	$ 78,655

Accumulated depreciation

	Land and buildings	Machinery and equipment	Tooling	Office equipment	Total
Balance at December 31, 2015	$ 5,316	$ 29,686	$ 7,187	$ 4,764	$ 46,953
Depreciation for the year	$ 453	$ 2,354	$ 353	$ 126	$ 3,286
Disposals		(1,143)			(1,143)
Effect of movements in exchange rates	(15)	(78)	(219)	(46)	(358)
Balance at December 31, 2016	$ 5,754	$ 30,819	$ 7,321	$ 4,844	$ 48,738
Depreciation for the period	$ 264	$ 966	$ 187	$ 53	$ 1,470
Disposals	-	(301)	(50)	(8)	(359)
Effect of movements in exchange rates	2	(40)	(24)	-	(62)
Balance at June 30, 2017	$ 6,020	$ 31,444	$ 7,434	$ 4,889	$ 49,787

Carrying amounts

	Land and buildings	Machinery and equipment	Tooling	Office equipment	Total
At December 31, 2015	$ 13,812	$ 12,427	$ 2,528	$ 184	$ 28,951
At December 31, 2016	$ 14,376	$ 12,459	$ 2,436	$ 267	$ 29,538
At June 30, 2017	$ 14,244	$ 11,859	$ 2,489	$ 276	$ 28,868

(tabular amounts in thousands of Canadian dollars)

7. Intangible assets:

Cost

	Goodwill	Computer software	Development costs	Total
Balance at December 31, 2015	$ 136	$ 2,113	$ 210	$ 2,459
Additions	$ -	$ 10	$ 31	$ 41
Effect of movement in exchange rates	(26)	(2)	-	(28)
Balance at December 31, 2016	$ 110	$ 2,121	$ 241	$ 2,472
Additions	$ -	$ -	$ -	$ -
Effect of movement in exchange rates	-	(2)	-	(2)
Balance at June 30, 2017	$ 110	$ 2,119	$ 241	$ 2,470

Amortization and impairment losses

	Goodwill	Computer software	Development costs	Total
Balance at December 31, 2015	$ -	$ 1,938	$ 135	$ 2,073
Amortization for the year	$ -	$ 51	$ 27	$ 78
Effect of movement in exchange rates	-	(2)	-	(2)
Balance at December 31, 2016	$ -	$ 1,987	$ 162	$ 2,149
Amortization for the period	$ -	$ 14	$ 14	$ 28
Effect of movement in exchange rates	-	(3)	-	(3)
Balance at June 30, 2017	$ -	$ 1,998	$ 176	$ 2,174

Carrying amounts

	Goodwill	Computer software	Development costs	Total
At December 31, 2015	$ 136	$ 175	$ 75	$ 386
At December 31, 2016	$ 110	$ 134	$ 79	$ 323
At June 30, 2017	$ 110	$ 121	$ 65	$ 296

8. Investment property:

The Company’s direct operating expenses in the first six months of 2017 related to the property provided an actual pickup as we were able to claim back some shared expenses. The year to date net pickup recognized in 2017 is $14,000 (2016 – Expense of $40,000).

(tabular amounts in thousands of Canadian dollars)

9. Loans and borrowings:

Long-term debt:

	June 30, 2017	December 31, 2016
Demand term loan drawn in US funds at a fixed interest rate of 6.05% through December 2018, secured by the assets of HMCL. Monthly principal installments of $15 USD.	$ 356	$ 491
Demand term loan amortized over 25 years drawn in USD funds at a fixed interest rate of 5.30% through March 2026, secured by the assets of Hammond Manufacturing Company Limited. Monthly blended installments of $9 USD.	1,928	2,014
Demand term loan amortized over 25 years drawn in CDN funds at a fixed interest rate of 5.20% through March 2026, secured by the assets of Hammond Manufacturing Company Limited. Monthly blended installments of $9 CDN.	1,485	1,500
Demand term loan amortized over 25 years drawn in CDN funds at a fixed interest rate of 4.1% through December 2023, secured by the assets of Hammond Manufacturing Company Limited. Monthly blended installments of $37 CDN.	6,810	6,890
Interest free term loan of $385 made in 2015, $1,150 in 2016 and $769 in 2017 through the Federal Economic Development Agency for Southern Ontario. Repayment will be over 60 equal monthly installments starting January 1, 2020. Value represents the present value of the stream of payments to repay utilizing a 5.2% discount factor.	1,779	1,155
Subtotal	12,358	12,050
Finance lease obligations:		
Secured by equipment, drawn in GBP Sterling at interest rate 8.8%. Monthly installments of £1 GBP until April 2019.	42	51
Secured by equipment, drawn in GBP Sterling at interest rate 4.85%. Monthly installments of £1.46 GBP until October 2020.	91	101
Secured by equipment, drawn in US funds at interest rate of 4.97%. Monthly installments of $7 USD until April 2019 with a lump sum payment at that time of $114 USD.	322	380
Secured by equipment, drawn in US funds at interest rate of 3.75%. Monthly installments of $57 USD until May 2023.	4,702	5,236
Secured by equipment, drawn in US funds at interest rate of 3.5%. Monthly installments of $0.42 USD until December 2020.	22	25
Subtotal	5,179	5,793
Total long-term debt	$ 17,537	$ 17,843
Less current portion of long-term debt	11,461	11,787
Non-current long-term debt	$ 6,076	$ 6,056

(tabular amounts in thousands of Canadian dollars)

9. Loans and borrowings- continued:

Bank indebtedness:

Bank indebtedness is due on demand and secured by inventories, a general assignment of book debts and a charge on specific assets of the Company. The Company has established operating lines for the entities in Canada, the US and the UK. The following chart depicts the amount utilized in each of the entities lines of credit.

		June 30, 2017		December 31, 2016	
		Local currency	CDN $	Local currency	CDN $
Canadian entities	CDN	$ 7,834	$ 7,834	$ 7,076	$ 7,076
UK entity	GBP	£ 335	565	£ 161	267
Bank indebtedness			$ 8,399		$ 7,343

Interest is payable at the rate of bank prime plus 50 basis points (2016 - bank prime plus 50 basis points).

Interest expense:

Interest expense is comprised as follows:

	Six Months Ended:		Three Months Ended:	
	June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
Long Term debt, including capital leases	$ 335	$ 177	$ 162	$ 123
Bank indebtedness	177	196	$ 99	$ 106
Interest expense	$ 512	$ 373	$ 261	$ 229

10. Trade and other payables:

	June 30, 2017	December 31, 2016
Trade payables	$ 4,228	$ 5,116
Non-trade payables and accrued expenses	8,066	7,160
	$ 12,294	$ 12,276

(tabular amounts in thousands of Canadian dollars)

11. Provisions:

	Environmental Remediation	Sales Returns	Total
Balance at December 31, 2015	$ 170	$ 55	$ 225
Provisions made during the year	93	55	148
Provisions used during the year	(93)	(55)	(148)
Balance at December 31, 2016	$ 170	$ 55	$ 225
Provisions made during the period	-	13	13
Provisions used during the period	-	(25)	(25)
Balance at June 30, 2017	$ 170	$ 43	$ 213
Non-current	100	-	100
Current	70	43	113
Balance at June 30, 2017	$ 170	$ 43	$ 213

The provision for environmental remediation is based on the estimated costs to setup and extract contamination from our Glen Ewing Property. The anticipated costs are based on an external consultant's remediation plan, discounted for timing using a discount rate of 6.0% (2016 – 6.0%). There are three years remaining in the clean-up plan.

The provision for sales returns is based on estimates from historical returns of product. The provision reflects the estimated profit margin of the anticipated returns.

12. Employee future benefits:

	June 30, 2017	September 30, 2016
Post employment health benefits	$ 27	$ 30
Employee health benefits while on disability	281	265
Total employee future benefits	$ 308	$ 295

(tabular amounts in thousands of Canadian dollars)

12. Employee future benefits continued:

	Post employment health benefits	Employee health benefits while on disability	Total
Balance at December 31, 2016	$ 27	$ 281	$ 308
Provisions made during the period	2	30	32
Provisions used during the period	(2)	(30)	(32)
Balance at June 30, 2017	$ 27	$ 281	$ 308
Non-current	17	224	241
Current	10	57	67
Balance at June 30, 2017	$ 27	$ 281	$ 308

13. Earnings per share:

The computations for basic and diluted earnings per share are as follows:

	Six Months Ended:		Three Months Ended:	
	June 30, 2017	**July 1, 2016**	**June 30, 2017**	**July 1, 2016**
Income for the period	$ 2,581	$ 1,115	$ 1,579	$ (610)
Average number of common shares outstanding:				
Basic and Diluted	11,344	11,344	11,344	11,344
Earnings per share:				
Basic	$ 0.23	$ 0.10	$ 0.14	$ (0.05)
Diluted	$ 0.23	$ 0.10	$ 0.14	$ (0.05)

No share options to purchase common shares were outstanding as at July 1, 2016 or June 30, 2017.

(tabular amounts in thousands of Canadian dollars)

14. Personnel expenses:

	Six Months Ended:		Three Months Ended:	
	June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
Wages and salaries	$ 19,420	$ 19,284	$ 9,780	$ 9,563
Health benefit plans	2,451	2,390	1,247	1,189
Canada Pension Plan and Employment Insurance remittances	1,018	1,057	484	512
Contributions to defined contribution plans	555	488	265	238
	$ 23,444	$ 23,219	$ 11,776	$ 11,502

	June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
Cost of sales	$ 17,236	$ 17,077	$ 8,673	$ 8,501
Selling and distribution	4,689	4,624	2,345	2,272
General and administrative	1,429	1,414	713	668
Research and development	91	104	46	61
	$ 23,445	$ 23,219	$ 11,777	$ 11,502

(tabular amounts in thousands of Canadian dollars)

15. Segment disclosures:

The continuing operations of the Company are in one operating segment, electrical and electronic components.

The Company and its subsidiaries operate in Canada, the United States, the United Kingdom and Australia.

Segment Disclosures

The continuing operations of the Company are in one industry segment, electrcal and electronic components.

The Company and its subsidiaries operate in Canada, the United States, the United Kingdom and Australia. Inter-segment sales are made at fair market values.

Geographic Segments		Six Months Ended:		Three Months Ended:	
		June 30, 2017	July 1, 2016	June 30, 2017	July 1, 2016
Net Product Sales:					
Canada:					
	Sales to customers	$ 24,124	$ 21,663	$ 12,761	$ 10,717
United States:					
	Sales to customers	34,932	31,820	17,734	14,459
All other countries:					
	Sales to customers	6,157	6,302	2,991	2,835
Net product sales		$ 65,213	$ 59,785	$ 33,486	$ 28,011
Non-current assets:					
Canada:					
	Non-current assets	$ 29,676	$ 31,752		
United States:					
	Non-current assets	610	640		
All other countries:					
	Non-current assets	560	490		
Total	Non-current assets	$ 30,846	$ 32,882		

16. Related party transactions:

(a) Key management includes the Company's directors and members of the executive management team. Compensation awarded to key management included:

	Six Months Ended:		Three Months Ended:	
	June 30, 2017	**July 1, 2016**	**June 30, 2017**	**July 1, 2016**
Salaries and short-term employee benefits	$ 328	$ 328	$ 170	$ 170

16. Related party transactions - continued:

(b) The Company purchased $1,364,000 of product from RITEC in the six months ended June 30, 2017 ($1,529,000 in six months ended July 31, 2016). These transactions were made in the normal course of business and have been recorded at the exchange amounts, being the amount agreed to by the two parties.

All outstanding trade balances with related parties are to be settled in cash within 6 months of the reporting date. None of the balances are secured. Trade receivable as at June 30, 2017 was $9,230 (December 31, 2016 – $23,000) while trade payable was $241,023 (December 31, 2016 – $277,000).

The Chairman of the Corporation, Robert Frederick Hammond, through direct and indirect ownership of Class A and Class B voting shares effectively controls the Company.