CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF

Photon Control Inc.

For the three and nine months ended September 30, 2017

NOTICE OF NO-AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

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

The Company’s external auditors, MNP LLP, have not performed a review of these financial statements.

PHOTON CONTROL INC.

Consolidated Statements of Financial Position (Unaudited)
(In thousands of Canadian dollars)

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash	$ 26,966	$ 32,508
Trade and other receivables	6,293	5,173
Due from related party (note 4 and 9)	-	189
Income taxes recoverable	115	-
Current portion of note receivable (note 4)	-	17
Inventories (note 5)	4,904	3,247
Prepaid expenses and deposits	300	230
Total current assets	38,578	41,364
Property and equipment (note 6)	6,961	755
Intangible assets (note 7)	4,319	80
Long-term rental deposits	-	25
Note receivable (note 4)	-	56
Restricted cash (note 13)	53	652
Deferred income taxes	259	259
Total assets	$ 50,170	$ 43,191
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 3,321	$ 2,035
Due to related party (note 4 and 9)	-	1,814
Income taxes payable	-	420
Current portion of contingent consideration (note 4)	927	-
Deferred revenue (note 4)	-	50
Total current liabilities	4,248	4,319
Contingent consideration (note 4)	2,377	-
Total liabilities	6,625	4,319
Shareholders' equity		
Share capital (note 8)	29,908	29,137
Contributed surplus (note 8)	4,357	3,494
Retained earnings	9,280	6,241
Total shareholders' equity	43,545	38,872
Total liabilities and shareholders' equity	$ 50,170	$ 43,191

Commitments (note 10)
Litigation (note 15)

See accompanying notes to the unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board

“Scott Edmonds”, Director "Neil McDonnell", Director

PHOTON CONTROL INC.

Consolidated Statements of Comprehensive Income (Unaudited)

(In thousands of Canadian dollars, except number of shares and per share amounts)

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenue	$ **12,024**	$ 8,733	$ **32,780**	$ 23,161
Cost of sales	**5,473**	4,164	**14,444**	11,226
Gross profit	**6,551**	4,569	**18,336**	11,935
Operating expenses				
General and administrative	**1,835**	1,384	**8,674**	2,973
Engineering	**827**	244	**2,455**	822
Sales and marketing	**232**	232	**731**	691
Total operating expenses	**2,894**	1,860	**11,860**	4,486
Operating income	**3,657**	2,709	**6,476**	7,449
Finance income	**73**	71	**141**	113
Change in fair value of contingent consideration	**(94)**	-	**(94)**	-
Foreign exchange (loss) gain	**(1,264)**	167	**(2,182)**	(584)
	(1,285)	238	**(2,135)**	(471)
Net income before tax	**2,372**	2,947	**4,341**	6,978
Income tax expense	**700**	766	**1,302**	1,813
Net earnings and total comprehensive income	$ **1,672**	$ 2,181	$ **3,039**	$ 5,165
Basic and diluted earnings per share				
Weighted average common shares, basic	**110,054,033**	106,012,366	**109,089,619**	104,875,283
Weighted average common shares, diluted	**114,492,636**	114,894,703	**113,566,524**	113,661,655
Basic earnings per share	$ **0.02**	$ 0.02	$ **0.03**	$ 0.05
Diluted earnings per share	$ **0.01**	$ 0.02	$ **0.03**	$ 0.05

See accompanying notes to the unaudited condensed interim consolidated financial statements.

PHOTON CONTROL INC.

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(In thousands of Canadian dollars)

	Nine months ended September 30, 2017			
	Share Capital	Contributed Surplus	Retained Earnings	Total Shareholders' Equity
Balance at December 31, 2016	**$ 29,137**	**$ 3,494**	**$ 6,241**	**$ 38,872**
Net income and total comprehensive income	-	-	3,039	3,039
Share issuance	1,382	(120)	-	1,262
Re-purchase of shares for cancellation	(611)	-	-	(611)
Share-based payments	-	983	-	983
Balance at September 30, 2017	**$ 29,908**	**$ 4,357**	**$ 9,280**	**$ 43,545**

	Nine months ended September 30, 2016			
	Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance at December 31, 2015	**$ 28,218**	**$ 3,694**	**$ (275)**	**$ 31,637**
Net income and total comprehensive income	-	-	5,165	5,165
Share issuance	952	-	-	952
Re-purchase of shares for cancellation	(228)	-	-	(228)
Share-based payments	-	492	-	492
Balance at September 30, 2016	**$ 28,942**	**$ 4,186**	**$ 4,890**	**$ 38,018**

See accompanying notes to the unaudited condensed interim consolidated financial statements.

PHOTON CONTROL INC.

Consolidated Statements of Cash Flows (Unaudited)
(In thousands of Canadian dollars)

	Nine months ended September 30, 2017	September 30, 2016
Operating activities		
Net income for the period	$ 3,039	$ 5,165
Adjustments for		
Depreciation of property and equipment	490	111
Amortization of intangible assets	28	41
Share-based payments	983	492
Change in fair value of contingent consideration	94	-
Accretion income on note receivable	(39)	9
Net change in non-cash working capital items		
Trade and other receivables	(1,120)	(1,610)
Due to/from related party (net)	(1,625)	713
Income taxes recoverable	(535)	(437)
Inventories	(1,527)	(293)
Prepaid expenses and deposits	(45)	(329)
Accounts payable and accrued liabilities	1,286	619
Contingent liabilities	-	(28)
Contingent consideration	3,210	-
Deferred revenue	(50)	-
Net cash provided by operating activities	4,189	4,453
Financing activities		
Proceeds from exercise of stock options	1,262	952
Restricted cash	599	-
Proceeds from note receivable	112	7
Re-purchase of common shares for cancellation	(611)	(228)
Net cash provided by financing activities	1,362	731
Investing activities		
Acquisition of Photon Control R&D Ltd.	(4,966)	-
Purchase of property and equipment	(6,056)	(259)
Purchase of intangible assets	(71)	(13)
Net cash used in investing activities	(11,093)	(272)
Net (decrease) increase in cash	(5,542)	4,912
Cash, beginning of period	32,508	26,227
Cash, end of period	$ 26,966	$ 31,139
Supplementary information		
Interest received	$ 147	$ 108
Income taxes paid	1,837	2,250

See accompanying notes to the unaudited condensed interim consolidated financial statements.

1. Nature of business and continuing operations

Photon Control Inc. ("Photon Control" or the "Company") is a publicly-traded company listed on the TSX Venture Exchange (the "TSX-V") under the trading symbol PHO, and is incorporated under the laws of British Columbia, Canada. The Company's head office is located at 130-13500 Verdun Place, Richmond, BC, Canada, V6V 1V2. The address of the Company's registered and records office is 595 Burrard Street, PO Box 49314, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, Canada, V7X 1L3.

The consolidated financial statements of the Company for the three and nine months ended September 30, 2017 comprise the statements of the Company and its subsidiaries. The financial statements were authorized for issue by the Board of Directors on November 8, 2017.

Photon Control designs, manufactures and distributes a wide range of optical sensors and instruments to measure temperature, position, and flow. These products are used by global original equipment manufacturers ("OEM") and end users in the semiconductor and other industries.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"). The condensed interim consolidated financial statements have been prepared on a basis consistent with and should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB.

The Company has reclassified certain balances to conform to the presentation adopted in the current year. In addition, there may be minor differences due to rounding of numbers.

The results for the three and nine months ended September 30, 2017 may not be indicative of the results that may be expected for the full year or any other period.

(b) Use of estimates

The preparation of these consolidated financial statements in conformity with IFRS requires management to make sufficient judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, application of accounting policies and the reporting of assets and liabilities at the dates of the consolidated financial statements and the reported revenue and expenses during the years.

3. Significant accounting policies

Basis of presentation and statement of compliance:

These condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company's most recent annual financial statements for the year ended December 31, 2016, except for the following, which were adopted by the Company for the annual period beginning on January 1, 2017:

(a) Business combinations and goodwill:

Acquisitions have been accounted for using the acquisition method required by IFRS 3. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value. The Company uses its best estimates and assumptions to accurately value assets and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, and these estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed with a corresponding offset to goodwill. On conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded in profit or loss. Transaction costs the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39, Financial Instruments: Recognition and Measurement, is measured at fair value with the changes in fair value recognized in the consolidated statements of comprehensive income.

Goodwill arising on acquisition is measured as the fair value of the consideration transferred less the net recognized amount of the estimated fair value of identifiable assets acquired and liabilities assumed (subject to certain exemptions to fair value measurement principles such as deferred tax assets or liabilities), all measured as of the acquisition date.

4. Business combination

Historically, the Company had relationships with Photon Control R&D Ltd. ("Photon R&D") and DCD Management Ltd., both considered related parties whereby the companies had directors and shareholders in common. These relationships involved the Company outsourcing its research and development to Photon R&D and certain administrative functions to both Photon R&D and DCD Management Ltd.

As a result of these relationships, there were certain amounts owing between the Company and these related parties at December 31, 2016, including a note receivable and associated deferred revenue. These amounts and transactions occurred in the normal course of business and have been settled.

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

On April 14, 2017 (the "Acquisition Date"), following a period of litigation, and as part of a settlement agreement with Photon R&D ("Settlement Agreement"), the Company completed the acquisition of certain tangible and intangible assets of Photon Control R&D Ltd. for cash consideration of $770 and estimated contingent consideration of $4,196.

The acquisition included inventories, property and equipment, the transfer of all technical personnel, trademarks and intellectual property to the Company as well as the clarification of the rights of ownership and exploitation of intellectual property. The Settlement Agreement also provided for the settlement of all amounts owing and payable, including the note receivable, between the Company and Photon R&D and certain other terms and conditions.

The contingent consideration relates to a royalty agreement included in the Settlement Agreement, which provides for quarterly royalties of 4.25% on revenues earned from defined products from January 1, 2017 to December 31, 2021. This royalty agreement replaces a previous arrangement.

The following summarizes the fair value of consideration paid on the Acquisition Date and a preliminary allocation of the estimated purchase price to the assets and liabilities acquired:

Cash on closing	$	770
Fair value of contingent consideration		4,196
Total consideration	**$**	**4,966**

Preliminary allocation to identifiable net assets:		
Inventories	$	130
Property and equipment		640
Intangible assets (provisional)		4,196
Total allocated to net assets	**$**	**4,966**

The acquisition has been recorded as a business combination in compliance with IFRS 3. While the tangible liabilities and assets acquired have been accounted for at their estimated fair values at the Acquisition Date, the value of the intangible assets is still subject to change, which may be material, upon finalization of a complete valuation.

The contingent consideration is payable in cash and has been recorded as a liability on the interim consolidated statements of financial position at fair value based on management's best estimate of future revenues. The estimate uses a discount rate which is reflective of the inherent risk of the Company achieving these future revenues. For the three and nine months ended September 30, 2017, the Company recorded $94 in change of fair value related to the contingent consideration.

The table below presents the contingent consideration as at September 30, 2017 recorded on the interim consolidated statements of financial position:

Current portion	$	927
Long-term portion		2,377
Total	**$**	**3,304**

The estimated amounts payable related to the contingent consideration could be higher or lower depending on the related future revenue outcome. Significant increases or decreases in related revenue would result in a higher or lower fair value of the contingent consideration liability, while significant increases or decreases in the discount rate and performance risk would result in a lower or higher fair value of the liability.

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

With the Settlement Agreement and the hiring of the personnel of the former Photon R&D, the Company has acquired the ability to completely serve the growing needs of its customer base, provided assurance and stability to its key stakeholders, and obtained a talented, highly skilled technical engineering workforce.

It is not practicable to estimate the revenue or profit of Photon R&D since the acquisition date as the business combination represents the integration of an external service provider, resulting in lower royalty costs and elimination of engineering support fees partially offset by increased staffing costs.

Costs directly attributable to the acquisition for the three and nine months ended September 30, 2017 of $Nil and $951 have been expensed and are included in general and administrative expenses on the consolidated statements of comprehensive income.

In addition to the arrangements described above, the Company severed its relationship with DCD Management Ltd. settling all amounts owing and bringing all previously outsourced administrative functions in-house.

5. Inventories

	September 30, 2017	December 31, 2016
Raw materials	**$ 3,865**	$ 1,538
Work in progress	**492**	614
Finished goods	**547**	1,095
Total	**$ 4,904**	$ 3,247

For the three and nine months ended September 30, 2017, inventories recognized as an expense in cost of sales amounted to $4,670 and $11,593 (2016 - $2,970 and $6,983). Included in the above amount for the three and nine months ending September 30, 2017 were inventory write downs of $27 and $81 (2016 – $27 and $81).

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

6. Property and equipment

	Laboratory equipment	Computers, office furniture and equipment	Production equipment	Leasehold improvements	Construction in progress	Total
Cost						
Balance January 1, 2016	$ 346	$ 368	$ 697	$ 398	$ -	$ 1,809
Additions	-	70	340	3	25	438
Balance December 31, 2016	346	438	1,037	401	25	2,247
Additions	772	529	991	3,764	-	6,056
Additions from acquisition of Photon Control R&D Ltd.	329	34	277	-	-	640
Disposals/ write-offs	-	-	-	(400)	-	(400)
Adjustments	-	-	-	25	(25)	-
Balance September 30, 2017	**$ 1,447**	**$ 1,001**	**$ 2,305**	**$ 3,790**	**$ -**	**$ 8,543**
Accumulated Depreciation						
Balance January 1, 2016	$ 295	$ 274	$ 379	$ 382	$ -	$ 1,330
Depreciation for the period	9	22	121	10	-	162
Balance December 31, 2016	304	296	500	392	-	1,492
Depreciation for the period	53	44	218	175	-	490
Disposals/ write-offs	-	-	-	(400)	-	(400)
Balance September 30, 2017	**$ 357**	**$ 340**	**$ 718**	**$ 167**	**$ -**	**$ 1,582**
Carrying Amounts						
At December 31, 2016	$ 42	$ 142	$ 537	$ 9	$ 25	$ 755
At September 30, 2017	**1,090**	**661**	**1,587**	**3,623**	**-**	**6,961**

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

7. Intangible assets

	Patents	Trademarks	Computer software	Provisional intangible assets	Total
Cost					
Balance January 1, 2016	$ 378	$ 29	$ 312	$ -	$ 719
Additions	-	-	13	-	13
Balance December 31, 2016	378	29	325	-	732
Additions	-	-	71	-	71
Additions from acquisition of Photon Control R&D Ltd.	-	-	-	4,196	4,196
Balance September 30, 2017	**$ 378**	**$ 29**	**$ 396**	**$ 4,196**	**$ 4,999**
Accumulated Amortization					
Balance January 1, 2016	$ 337	$ 29	$ 230	$ -	$ 596
Amortization for the period	10	-	46	-	56
Balance December 31, 2016	347	29	276	-	652
Amortization for the period	6	-	22	-	28
Balance September 30, 2017	**$ 353**	**$ 29**	**$ 298**	**$ -**	**$ 680**
Carrying Amounts					
At December 31, 2016	$ 31	$ -	$ 49	$ -	$ 80
At September 30, 2017	**25**	**-**	**98**	**4,196**	**4,319**

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

8. Share capital

(a) Authorized

Unlimited number of common shares without par value

(b) Issued and outstanding

	Number of Common Shares	Share Capital	Contributed Surplus
Balance as at December 31, 2015	**103,971,518**	**$ 28,218**	**$ 3,694**
Issued upon exercise of stock options	5,543,500	1,095	-
Issued for restricted share units	308,000	219	-
Re-purchase of shares for cancellation	(319,500)	(85)	(202)
Re-purchase of shares for treasury	(1,155,000)	(310)	(731)
Share-based payments	-	-	733
Balance as at December 31, 2016	**108,348,518**	**29,137**	**3,494**
Issued upon exercise of stock options	2,674,500	1,262	-
Issued for restricted share units	172,000	120	(120)
Re-purchase of shares for cancellation	(579,800)	(611)	-
Share-based payments	-	-	983
Balance as at September 30, 2017	**110,615,218**	**$ 29,908**	**$ 4,357**

On December 24, 2015, the Company was authorized to undertake a Normal Course Issuer Bid (“NCIB”), in compliance with the requirements of the TSX-V allowing it to repurchase, for cancellation, up to 5,000,000 shares in its own stock from January 4, 2016 to January 3, 2017. On December 29, 2016, the NCIB was renewed for the period from January 4, 2017 to January 3, 2018. For the nine months ended September 30, 2017, the Company re-purchased and cancelled 579,800 of its common shares for a total cost of $611.

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

(c) Stock options

Stock option transactions are summarized as follows:

	Number of options	Weighted average exercise
Options outstanding, December 31, 2015	**8,478,000**	**$ 0.28**
Granted	2,667,000	0.71
Exercised	(5,543,500)	0.11
Forfeited	(1,295,000)	0.60
Expired	(20,000)	0.49
Options outstanding, December 31, 2016	**4,286,500**	**0.67**
Granted	2,250,500	1.45
Exercised	(2,674,500)	0.47
Forfeited	(384,000)	0.81
Expired	-	-
Options outstanding, September 30, 2017	**3,478,500**	**$ 1.16**

The following table summarizes the stock options outstanding as at September 30, 2017:

Exercise price	Options Outstanding	Weighted average remaining term (years)	Options Exercisable	Weighted average remaining term (years)
$0.010 - 0.299	20,000	1.14	15,000	1.14
$0.300 - 0.499	57,500	1.74	32,500	1.63
$0.500 - 0.699	377,500	3.58	250,000	3.66
$0.700 - 0.899	847,000	3.92	49,250	3.58
$0.900 - 1.999	2,176,500	4.69	320,000	4.67
	3,478,500	**4.31**	**666,750**	**3.98**

The fair value of options granted was estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Expected option life	**5 years**	5 years	**5 years**	5 years
Risk-free interest rate	**1.39% to 1.50%**	0.79%	**0.46% to 1.50%**	0.62% to 2.15%
Dividend yield	**0%**	0%	**0%**	0%
Volatility	**71.8% to 75.2%**	89.6% to 91.5%	**42.8% to 75.2%**	95% to 208%

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

During the three and nine months ended September 30, 2017, the Company recorded $238 and $773 (2016 - $183 and $492) of share-based payments representing the fair value of the options vesting during the period with a corresponding increase to contributed surplus.

(d) Restricted Share Units ("RSUs")

RSU transactions are summarized as follows:

	Number of RSUs
RSUs outstanding, December 31, 2015	-
Granted	1,132,000
Settled	(308,000)
Forfeited	(172,000)
RSUs outstanding, December 31, 2016	**652,000**
Granted	129,000
Settled	(172,000)
Forfeited	(136,000)
RSUs outstanding, September 30, 2017	**473,000**

During the three and nine months ended September 30, 2017, the Company recorded $79 and $211 (2016 - $Nil) of share-based payments relating to the vesting of RSUs during the period with a corresponding increase to contributed surplus.

9. Related party transactions

The Company's key management have authority and responsibility for overseeing, planning, directing and controlling the activities of the Company and consist of the Company's Board of Directors and executive officers.

Total compensation expense for key management personnel is as follows:

	Three months ended		Nine months ended	
	September 30, 2017	**September 30, 2016**	**September 30, 2017**	**September 30, 2016**
Cash-based payments	**$ 548**	$ 209	**$ 1,653**	$ 359
Share-based payments	**231**	-	**736**	74
Total	**$ 779**	$ 209	**$ 2,389**	$ 433

Cash-based payments include salaries, bonuses, consulting fees, severance and other benefits.

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

10. Commitments

As at September 30, 2017, the Company had entered into premises leases requiring the following future minimum lease payments and related costs as follows:

Remainder of 2017	$ 83
2018	334
2019	334
2020	297
2021 and onwards	1,139
Total	**$ 2,187**

11. Financial instruments

Risk Management:

The Company manages its exposure to financial risk, including credit and interest rate risk, liquidity risk, and foreign exchange risk. The Company's Board of Directors oversees management's risk management practices. The following describes the types of risks that the Company is exposed to and its objectives and policies for managing those risk exposures.

(a) Credit risk:

The following table provides information regarding the aged trade and other receivables as at September 30, 2017:

	Neither past due nor impaired	Aged 1 - 30 days	Aged 31 - 60 days	Aged 61 - 90 days	Aged 90 + days
As at September 30, 2017	**85%**	**7%**	**8%**	**0%**	**0%**
As at December 31, 2016	86%	8%	2%	2%	2%

The Company is exposed to credit risk associated with its trade and other receivables. Credit risk is minimized substantially by ensuring the credit worthiness of the entities with which it carries on business. As at September 30, 2017, 15% (December 31, 2016 – 14%) of the Company's trade and other receivables was past due. The definition of items that are past due was determined by reference to the Company's standard credit terms, net of any provisions for losses. At each period end, the Company reviews the collectability of outstanding receivables. Specific accounts are only written off once all collection efforts have been explored or when legal bankruptcy has occurred. During the three and nine months ended September 30, 2017, the Company incurred $16 of bad debts expense (2016 - $9).

(b) Market and foreign exchange risk:

The majority of the Company's revenues and trade receivables are denominated in United States ("US") dollars. As such, the Company may be subject to material, realized and unrealized exchange gains or losses resulting from above average changes in exchange rates between the Canadian and the United States dollar.

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

At September 30, 2017, the Company held net current monetary assets in US dollars equal to $29,811 (December 31, 2016 - $8,433). The Company estimates the impact of a 10% change in the Canadian dollar exchange rate on its net current monetary assets to be $2,981 (December 31, 2016 - $843).

(c) Interest rate risk:

The company is not subject to significant interest rate risk as at September 30, 2017 or December 31, 2016.

(d) Liquidity risk:

As at September 30, 2017, the Company had access to a credit facility of $1,000, which was unutilized (December 31, 2016 - unutilized).

The company was not subject to significant liquidity risk as at September 30, 2017 or December 31, 2016.

12. Capital disclosure

The Company considers shareholders' equity as capital, the book value of which totaled $43,545 at September 30, 2017 (December 31, 2016 - $38,872).

13. Restricted cash

In connection with the litigation proceedings between the Company and Photon Control R&D Ltd., Photon R&D obtained a court order to garnishee $599 it claimed it was owed by the Company. These funds were deposited with the Supreme Court of British Columbia (the "Court") pending (a) completion of judgment by the Court, (b) the Company's application to the Court to release these funds, or (c) an out of court agreement between the two parties. The parties reached a Settlement Agreement in April 2017 and the garnisheed funds were returned to the Company in July 2017, see Note 15.

Additionally, the Company holds a corporate credit card secured by a $53 cash deposit, and the facility is subject to periodic review by the issuing bank.

	September 30, 2017	December 31, 2016
Garnisheed funds (held in trust by the Court)	**$ -**	$ 599
Credit card cash deposit	**53**	53
Total	**$ 53**	$ 652

(Expressed in thousands of Canadian dollars, unless specifically indicated otherwise)

14. Segmented information

(a) Geographic information:

Information regarding revenue earned from customers by geographic segment is as follows:

	Three months ended		Nine months ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
United States	$ 6,718	$ 5,777	$ 19,401	$ 15,628
Asia	5,258	2,522	13,231	6,636
Canada	33	415	85	814
Europe	15	19	63	83
Total	$ 12,024	$ 8,733	$ 32,780	$ 23,161

(b) Assets and liabilities:

The Company has one operation in Richmond, British Columbia, Canada. All of the Company's assets (including cash, inventories, property and equipment, and intangible assets) and liabilities are located in Canada.

(c) Major customers:

Sales to the Company's three largest customers accounted for approximately 78% of the Company's sales for the three and nine months ended September 30, 2017 (2016 – 76%).

15. Litigation

On April 9, 2017, the Company signed a binding Settlement Agreement with Photon R&D which set out the terms of the settlement reached among the parties to resolve all legal actions commenced by the Company against Photon R&D and certain others, as well as the counter-claims filed by Photon R&D against the Company. The Settlement Agreement and its terms are effective as of April 14, 2017, see Note 4.

On June 1, 2017, a consent order was entered into with the Court ordering that all proceedings among the parties including all counter-claims and third party claims, be dismissed, without costs to any party. On July 6, 2017, the $599 that was paid into court as security pursuant to a garnishment order were ordered by the Court to be returned to the Company see Note 13.