UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 3, 2017

LAWSON PRODUCTS, INC.

(Exact name of registrant as specified in its charter)

Delaware	0-10546	36-2229304
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

8770 W. Bryn Mawr Ave., Suite 900, Chicago, Illinois	60631
(Address of principal executive offices)	(Zip Code)

(Registrant's telephone number, including area code) (773) 304-5050

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

EXPLANATORY NOTE

On October 3, 2017, Lawson Products, Inc. ("Lawson" or the "Company") completed its acquisition of The Bolt Supply House Ltd. ("Bolt Supply") pursuant to an Agreement and Plan of Merger dated as of October 3, 2017 among the Company and Bolt Supply.

This Amendment No. 1 on Form 8-K/A is being filed by the Company to amend the Current Report on Form 8-K filed on October 10, 2017 (the "Original Report"), solely to provide the disclosures required by Item 9.01 of the Form 8-K that were not previously filed with the Original Report. Except as provided herein, the disclosures made in the Original Report remain unchanged.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The audited financial statements of The Bolt Supply House Ltd. as of and for the years ended February 28, 2017 and February 29, 2016 and the related notes thereto are filed as Exhibit 99.1 to this amendment and are incorporated herein by reference.

The unaudited financial statements of The Bolt Supply House Ltd. as of and for the six months ended August 31, 2017 and 2016 and the related notes thereto are filed 99.2 to this amendment and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined statements of operations of Lawson Products, Inc. and The Bolt Supply House Ltd. for the year ended December 31, 2016 and for the nine months ended September 31, 2017, the unaudited pro forma condensed combined balance sheet as of September 30, 2017 and the notes related thereto are filed as Exhibit 99.3 to this Form 8-K/A.

(d) Exhibits.

23	Consent of MNP LLP
99.1	The Bolt Supply House Ltd. Audited Financial Statements as of and for the Years Ended February 28, 2017 and February 29, 2016
99.2	The Bolt Supply House Ltd. Unaudited Financial Statements as of and for the Six Months Ended August 31, 2017 and 2016
99.3	Unaudited pro forma condensed combined statements of operations of Lawson Products, Inc. and The Bolt Supply House Ltd. for the year ended December 31, 2016 and for the nine months ended September 31, 2017, the unaudited pro forma condensed combined balance sheet as of September 30, 2017 and the notes related thereto

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LAWSON PRODUCTS, INC.

(Registrant)

Date: December 20, 2017

By: /s/ Ronald J. Knutson

Name: Ronald J. Knutson

Title: Executive Vice President, Chief Financial Officer, Treasurer and Controller

EXHIBIT INDEX

Exhibit Number	Description
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AUDITOR'S CONSENT

To: Lawson Products, Inc.

We consent to the incorporation by reference in the Registration Statements on Forms S-3 (No. 333-202169) and S-8 (No. 333-199243) of Lawson Products, Inc. of our report dated December 20, 2017 with respect to the financial position of The Bolt Supply House Ltd as at February 28, 2017 and the statements of earnings, retained earnings and cash flows for the year ended February 28, 2017, and a summary of significant accounting policies and other explanatory information, which is included in this Current Report on Form 8-K/A.

Calgary, Alberta
December 20, 2017

MNP LLP
Chartered Professional Accountants

Independent Auditors' Report

To the Shareholders of The Bolt Supply House Ltd.

We have audited the accompanying financial statements of The Bolt Supply House Ltd., which comprise the balance sheet as at February 28, 2017, the statements of earnings and retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Private Enterprises except for Note 12 which is in accordance with Accounting Principles Generally Accepted in United States, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Bolt Supply House Ltd. as at February 28, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Private Enterprises, and the Note 12 is in accordance with Accounting Principles Generally Accepted in United States.

Calgary, Alberta

April 24, 2017, except for Note 11 and 12 which are of December 20, 2017

MNP LLP

Chartered Professional Accountants

The Bolt Supply House Ltd.
Balance Sheet
As at,

	February 28 2017	*February 29 2016*
Assets		
Current		
Cash	**161,827**	216,157
Accounts receivable	**3,518,383**	3,278,322
Income taxes recoverable	**283,430**	188,157
Inventory *(Note 3)*	**7,231,182**	7,077,080
Prepaid expenses and deposits	**519,291**	615,083
	11,714,113	11,374,799
Property and equipment *(Note 4)*	**1,968,776**	1,919,900
Total Assets	**13,682,889**	13,294,699
Liabilities		
Current		
Bank indebtedness *(Note 5)*	**3,523,390**	3,198,195
Accounts payable and accruals	**1,763,603**	2,323,721
Goods and services and sales taxes payable	**99,704**	89,380
Management bonus and consulting fees payable *(Note 7)*	**110,250**	110,250
Rental deposits	**-**	11,477
	5,496,947	5,733,023
Commitments *(Note 9)*		
Subsequent events *(Note 11)*		
Shareholders' Equity		
Share capital *(Note 8)*		
Common shares	**20**	20
Preferred shares (redeemable at $17,200,000)	**2,293,377**	2,293,377
Retained earnings	**5,892,545**	5,268,279
	8,185,942	7,561,676
Total Liabilities and Shareholders' Equity	**13,682,889**	13,294,699

Approved on behalf of the Board of Directors:

/s/ Michal G. DeCata **/s/ Kurt Mario**

The accompanying notes are an integral part of these financial statements

The Bolt Supply House Ltd.
Statement of
Earnings and Retained Earnings
For the years ended

	February 28 2017	*February 29 2016*
Sales	**37,636,535**	40,576,418
Cost of sales	**20,954,623**	22,493,153
Gross margin	**16,681,912**	18,083,265
Selling costs (Schedule 1)	**3,650,086**	4,003,260
Operating expenses (Schedule 2)	**9,722,959**	9,337,278
Administrative expenses (Schedule 3)	**1,050,371**	994,569
	14,423,416	14,335,107
Earnings from operations	**2,258,496**	3,748,158
Other expenses		
Foreign exchange gain	**32,534**	30,271
Loss on disposal of property and equipment	**(435)**	(5,709)
Management bonus and consulting fees (Note 7)	**(816,000)**	(816,000)
Earnings before income taxes	**1,474,595**	2,956,720
Provision for income taxes - current (Note 6)	**350,329**	752,994
Net earnings	**1,124,266**	2,203,726
Retained earnings, beginning of year	**5,268,279**	5,064,553
Dividends	**(500,000)**	(2,000,000)
Retained earnings, end of year	**5,892,545**	5,268,279

The accompanying notes are an integral part of these financial statements

	February 28 2017	*February 29 2016*
Cash provided by (used for) the following activities		
Operating		
Cash received from customers	**37,316,157**	41,724,785
Cash paid to suppliers	**(26,787,903)**	(27,392,649)
Cash paid to employees	**(8,567,490)**	(9,007,258)
Income taxes paid	**(445,602)**	(912,150)
Interest paid	**(99,183)**	(100,666)
Management bonus and consulting fees paid	**(816,000)**	(816,000)
Cash provided by operating activities	**599,979**	3,496,062
Financing		
Dividends paid	**(500,000)**	(2,000,000)
Repayment of operating loan, net of advances	**-**	(993,215)
Advances from operating loan, net or repayment	**325,195**	-
Cash used in financing activities	**(174,805)**	(2,993,215)
Investing		
Purchases of property and equipment	**(538,347)**	(508,176)
Proceeds on disposal of property and equipment	**26,309**	3,776
Cash used in investing activities	**(512,038)**	(504,400)
Net effect of translation on foreign currency cash	**32,534**	30,271
(Decrease) increase in cash	**(54,330)**	28,718
Cash, beginning of year	**216,157**	187,439
Cash, end of year	**161,827**	216,157

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

The Bolt Supply House has been in business since 1948 as a wholesale and retail supplier of fasteners, power tools, safety equipment, shop supplies and accessories across western Canada. The current Company, The Bolt Supply House Ltd. (the "Company"), is the result of an amalgamation filed on August 23, 1996.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises ("ASPE"), and include the following significant accounting policies:

Cash

Cash includes balances with banks, and bank indebtedness includes overdrawn cash accounts and demand operating loans.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business.

Property and equipment

Property and equipment are initially recorded at cost. Amortization is provided using the methods and rates intended to amortize the cost of assets over their estimated useful lives, as follows:

	Method	Rate
Buildings	declining balance	5 %
Computer hardware	declining balance	30 %
Computer software	straight-line	3 years
Equipment and tools	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	5 years
Paving	declining balance	4 %
Vehicle and trailers	declining balance	30 %

Upon the year the asset is put in use, amortization is taken at one-half of the above rates.

Long-lived assets held for use

Long-lived assets held for use consist of property and equipment and are measured and amortized as described in the above accounting policy.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in net earnings for the year.

Revenue recognition

The Company recognizes revenue at the time of sale in stores or upon shipment of the merchandise, when the sale is accepted by the customer and collection is reasonably assured.

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net earnings for the current year.

2. Significant accounting policies (*Continued from previous page)*

Income taxes

The Company accounts for income taxes using the taxes payable method. Under this method, only current income tax assets and liabilities are recorded to the extent they are unpaid or recoverable. In addition, the benefit relating to a tax loss incurred in the current year and carried back to prior years is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. A provision is made for slow moving and obsolete inventory. Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net earnings in the years in which they become known.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Handbook Section 3840, *Related Party Transactions*.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has elected to measure cash at fair value subsequent to initial recognition, all other financial instruments are subsequently measured at their amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in earnings. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payment in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year net earnings.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net earnings in the year the reversal occurs. The adjusted carrying amount shall be no greater than the amount that would have been reported at the date the reversal had the impairment not been recognized previously.

2. Significant accounting policies *(Continued from previous page)*

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized using the declining balance method, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred.

3. Inventory

Management has estimated the value of inventory based upon their assessment of the lower of cost and net realizable value less selling costs. Management has made an obsolescence provision of $40,000 (2016 - $40,000).

4. Property and equipment

			February 28 2017	*February 29 2016*
	Cost	***Accumulated amortization***	***Net book value***	*Net book value*
Land	**177,320**	**-**	**177,320**	177,320
Buildings	**538,660**	**161,852**	**376,808**	396,640
Computer hardware	**2,661,470**	**2,277,168**	**384,302**	446,329
Computer software	**743,280**	**696,144**	**47,136**	92,277
Equipment and tools	**248,876**	**191,034**	**57,842**	79,216
Furniture and fixtures	**1,878,308**	**1,393,396**	**484,912**	516,698
Leasehold improvements	**1,072,923**	**706,891**	**366,032**	177,879
Paving	**6,400**	**3,516**	**2,884**	3,004
Vehicle and trailers	**107,632**	**36,092**	**71,540**	30,537
	7,434,869	**5,466,093**	**1,968,776**	1,919,900

5. Bank indebtedness

The operating line of credit is authorized up to $5,500,000 (2016 - $5,500,000), and bears interest at prime plus 0.25% (2016 - prime plus 0.25%). As at February 28, 2017, $3,523,390 (February 29, 2016 - $3,198,195) was drawn on the operating line of credit. As at February 28, 2017, the prime interest rate was 2.70% (February 29, 2016 - 2.70%). The authorized maximum limit is 75% of accounts receivable aged to 60 days plus 50% of inventory.

The operating line of credit is secured by a general assignment of book debts, Section 427 security over inventory, general security agreement over all present and future acquired assets. The operating line of credit is subject to periodic review, at least annually.

The operating line of credit is subject to certain financial and non-financial covenants with respect to working capital, debt service coverage, tangible net worth, acquisition of new financing and corporate reorganizations. As at February 28, 2017 the Company was in compliance with all financial and non-financial covenants. It is management's view that the Company will remain in compliance for the twelve months subsequent to February 28, 2017.

6. Income taxes

The reconciliation of the Company's effective income tax expense is as follows:

	February 28 2017	*February 29 2016*
Expected tax expense at 27% (2016 - 26.66%)	**398,141**	788,312
Increase (decrease) in income tax expense resulting from:		
Small business deduction	**(55,835)**	(45,087)
Impact of difference between amortization and CCA	**8,384**	9,925
Change in tax rate	**1,012**	-
Loss on disposal	**116**	1,523
Non-deductible expenses and other	**(1,489)**	(1,679)
Actual tax expense	**350,329**	752,994

7. Related party transactions

During the year, the Company completed certain transactions with related parties. These transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company recorded consulting fees expense in the amount of $441,000 (2016 - $441,000) to a corporate shareholder. As at February 28, 2017, $110,250 (February 29, 2016 - $110,250) remained payable and is included in management bonus and consulting fees payable.

The Company recorded and paid management bonuses of $375,000 (2016 - $375,000) to an officer who is also an individual shareholder. As at February 28, 2017, $Nil (February 29, 2016 - $Nil) remained payable.

8. Share capital

	February 28 2017	*February 29 2016*
Issued		
Common shares		
625 Class "A" common shares (2016 - 625 Class "A" shares)	**6**	6
625 Class "B" common shares (2016 - 625 Class "B" shares)	**6**	6
375 Class "D" common shares (2016 - 375 Class "D" shares)	**4**	4
375 Class "E" common shares (2016 - 375 Class "E" shares)	**4**	4
	20	20
Preferred shares		
11,199,865 Class C Series I preferred shares, redemption price $1 per share	**2**	2
3,750,083 Class C Series II preferred shares, redemption price $1 per share	**43,323**	43,323
2,250,052 Class C Series III preferred shares, redemption price $1 per share	**2,250,052**	2,250,052
	2,293,377	2,293,377
	2,293,397	2,293,397

	February 28 2017		*February 29 2016*	
Common shares	**Number**	**Amount**	Number	Amount
Opening balance	**2,000**	**20**	2,000	20
Closing balance	**2,000**	**20**	2,000	20

9. Commitments

The Company has entered into various lease agreements for premises with estimated minimum annual payments as follows:

2018	1,291,704
2019	963,143
2020	792,352
2021	668,504
2022	471,203
Thereafter	217,354
	4,404,260

10. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions to purchase inventory and other goods and services denominated in United States dollars for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. The impact on the statement of earnings for the year had the U.S. dollar to Canadian dollar exchange changed by 10% would amount to $1,150 (2016 - $10,869). The following items are denominated in United States currency and presented in Canadian currency:

	February 28 2017 CAD$	*February 29 2016 CAD$*
Cash	**128,350**	177,508
Accounts payable	**116,854**	68,816

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate risk primarily through its operating line of credit as described in Note 5. A 1% change in interest rates could increase or decrease interest expense by approximately $35,234 (2016 - $31,982) on an annual basis.

Credit concentration

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Company sales are concentrated in the industrial sector; however, credit exposure is limited due to the Company's large customer base.

11. Subsequent events

On October 3, 2017, Lawson Products Inc. (Ontario) acquired all the issued and outstanding shares of the Company for cash consideration of $40,000,000. The purchase price shall be increased or decreased, as applicable, dollar for dollar by the amount by which the net working capital is greater than or less than the target working capital.

11. Subsequent events

On October 3, 2017, Lawson Products Inc. (Ontario) acquired all the issued and outstanding shares of the Company for cash consideration of $40,000,000. The purchase price shall be increased or decreased, as applicable, dollar for dollar by the amount by which the net working capital is greater than or less than the target working capital.

12. Reconciliation of the Financial Statements to Accounting Principles Generally Accepted in the United States

These financial statements have been prepared in accordance with Canadian ASPE which, in most respects conforms to accounting principles generally accepted in the United States ("U.S. GAAP"). All difference in accounting principles and disclosures as they have been applied to the accompanying financial statements are not material, except as described below.

The application of U.S. GAAP would have the following effect on the balance sheet as reported:

	February 28, 2017		*February 29, 2016*	
	Canadian ASPE	***U.S. GAAP***	*Canadian ASPE*	*U.S. GAAP*
Assets				
Current				
Cash	**161,827**	**161,827**	216,157	216,157
Accounts receivable	**3,518,383**	**3,518,383**	3,278,322	3,278,322
Income taxes recoverable	**283,430**	**283,430**	188,157	188,157
Inventory	**7,231,182**	**7,231,182**	7,077,080	7,077,080
Prepaid expenses and deposits	**519,291**	**519,291**	615,083	615,083
	11,714,113	**11,714,113**	11,374,799	11,374,799
Property and equipment	**1,968,776**	**1,968,776**	1,919,900	1,919,900
Total Assets	**13,682,889**	**13,682,889**	13,294,699	13,294,699
Liabilities				
Current				
Bank indebtedness	**3,523,390**	**3,523,390**	3,198,195	3,198,195
Accounts payable and accruals	**1,763,603**	**1,763,603**	2,323,721	2,323,721
Goods and services and sales taxes payable	**99,704**	**99,704**	89,380	89,380
Management bonus and consulting fees payable	**110,250**	**110,250**	110,250	110,250
Rental deposits	**-**	**-**	11,477	11,477
Deferred tax liability (Note a)	**-**	**144,622**	-	164,944
Deferred rent liability (Note b)		**129,672**	-	82,085
	5,496,947	**5,771,241**	5,733,023	5,980,052
Shareholders' Equity				
Share capital				
Common shares	**20**	**20**	20	20
Preferred shares (redeemable at $17,200,000)	**2,293,377**	**2,293,377**	2,293,377	2,293,377
Retained earnings	**5,892,545**	**5,618,251**	5,268,279	5,021,250
	8,185,942	**7,911,648**	7,561,676	7,314,647
Total Liabilities and Shareholders' Equity	**13,682,889**	**13,682,889**	13,294,699	13,294,699

The application of U.S. GAAP would have the following effect on the statement of earnings and retained earnings as reported:

	February 28, 2017		*February 29, 2016*	
	Canadian ASPE	***U.S. GAAP***	*Canadian ASPE*	*U.S. GAAP*
Sales	**37,636,535**	**37,636,535**	40,576,418	40,576,418
Cost of sales	**20,954,623**	**20,954,623**	22,493,153	22,493,153
Gross margin	**16,681,912**	**16,681,912**	18,083,265	18,083,265
Selling costs	**3,650,086**	**3,650,086**	4,003,260	4,003,260
Operating expenses (Note b)	**9,722,959**	**9,770,546**	9,337,278	9,392,904
Administrative expenses	**1,050,371**	**1,050,371**	994,569	994,569
	14,423,416	**14,471,003**	14,335,107	14,390,733
Earnings from operations	**2,258,496**	**2,210,909**	3,748,158	3,692,532
Other expenses				
Foreign exchange gain	**32,534**	**32,534**	30,271	30,271
Loss on disposal of property and equipment	**(435)**	**(435)**	(5,709)	(5,709)
Management bonus and consulting fees	**(816,000)**	**(816,000)**	(816,000)	(816,000)
Earnings before income taxes	**1,474,595**	**1,427,008**	2,956,720	2,901,094
Provision for income taxes - current	**350,329**	**350,329**	752,994	752,994
Provision for income taxes - deferred	**-**	**(20,322)**	-	(20,044)
Net earnings	**1,124,266**	**1,097,001**	2,203,726	2,168,144
Retained earnings, beginning of year	**5,268,279**	**5,268,279**	5,064,553	5,064,553
Dividends	**(500,000)**	**(500,000)**	(2,000,000)	(2,000,000)
Deferred taxes adjustment (Note a)	**-**	**(164,944)**	-	(184,988)
Deferred rent liability adjustment (Note b)	**-**	**(82,085)**	-	(26,459)
Retained earnings, end of year	**5,892,545**	**5,618,251**	5,268,279	5,021,250

(a) Under Canadian accounting standards for private enterprises, section 3465 Income taxes, the Company had selected to account for income taxes using the taxes payable method (current taxes). U.S. GAAP ASC 740, Income taxes, requires that financial statements should reflect the current and deferred tax consequences of all events that have been recognized in the financial statements or tax returns. Deferred tax assets or liabilities reflect temporary differences between amounts of assets and liabilities for financial and tax reporting. Such amounts are adjusted, as appropriate, to reflect changes in enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is established to offset any deferred tax assets if, based upon the available evidence, it is more likely than not (i.e. greater than 50% likely) that some or all of the deferred tax assets will not be realized. This resulted in recognition of deferred tax liability, attributable to temporary differences arising from the differences in tax and accounting bases for property and equipment and deferred rent liability of $144,622 (2016 - $164,944, 2015 - $184,988). During the year, the company recorded deferred income tax recovery of $20,322 (2016 - $20,044) and a reduction to opening retaining earnings of $164,944 (2016 - $ 184,988).

12. Reconciliation of the Financial Statements to United States Generally Accepted Accounting Principles
(Continued from previous page)

(b) Under Canadian accounting standards for private enterprises, section 3065 Leases, the Company had selected to account for operating leases based on rental payments. U.S. GAAP ACS 840, Leases, requires that scheduled rent increases shall be recognized by the lessee on a straight-live basis over the lease term. This resulted in an additional rent expense of $47,587 (2016 - $55,626) and an reduction to opening retained earnings of $82,085 (2016 - $26,459).

	February 28 2017	*February 29 2016*
Selling costs		
Commissions	**3,259,497**	3,635,483
Freight	**151,052**	115,313
Automotive	**102,415**	89,007
Advertising and promotion	**73,052**	99,933
Customer rebates and allowances	**47,735**	43,271
Meals and entertainment	**8,501**	11,581
Other items	**7,834**	8,672
	3,650,086	4,003,260

Schedule 2 - Operating expenses

For the years ended February 28, 2017 and February 29, 2016

	February 28 2017	*February 29 2016*
Operating expenses		
Personnel	**6,038,760**	6,185,729
Occupancy	**2,158,238**	1,889,483
Communications	**618,906**	571,571
Other operating expenses	**442,156**	335,034
Travel	**170,949**	141,075
Training and education	**155,345**	61,534
Office	**138,605**	152,852
	9,722,959	9,337,278

	February 28 2017	February 29 2016
Administrative expenses		
Amortization	**462,727**	455,254
Bank charges	**252,527**	258,000
Other items	**148,789**	128,940
Interest on bank indebtedness	**99,183**	100,666
Bad debt expense	**87,145**	51,709
	1,050,371	994,569

The Bolt Supply House Ltd.
Financial Statements
Six month period ended August 31, 2017
(Unaudited)

The Bolt Supply House Ltd.
Interim Balance Sheet
As at,

	August 31 2017 (Unaudited)	*February 29 2017 (Audited)*
Assets		
Current		
Cash	**217,148**	161,827
Accounts receivable	**4,316,272**	3,518,383
Income taxes recoverable	**-**	283,430
Inventory *(Note 3)*	**8,152,879**	7,231,182
Prepaid expenses and deposits	**423,400**	519,291
	13,109,699	11,714,113
Property and equipment *(Note 4)*	**1,962,536**	1,968,776
Total Assets	**15,072,235**	13,682,889
Liabilities		
Current		
Bank indebtedness *(Note 5)*	**2,945,733**	3,523,390
Accounts payable and accruals	**1,890,293**	1,763,603
Goods and services and sales taxes payable	**114,592**	99,704
Management bonus and consulting fees payable *(Note 7)*	**110,250**	110,250
Income tax payable	**298,499**	-
	5,359,367	5,496,947
Commitments *(Note 9)*		
Subsequent events *(Note 11)*		
Shareholders' Equity		
Share capital *(Note 8)*		
Common shares	**20**	20
Preferred shares (redeemable at $17,200,000)	**2,293,377**	2,293,377
Retained earnings	**7,419,471**	5,892,545
	9,712,868	8,185,942
Total Liabilities and Shareholders' Equity	**15,072,235**	13,682,889

Approved on behalf of the Board of Directors:

/s/ Michael G. DeCata

/s/ Kurt Mario

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

The Bolt Supply House Ltd.
Interim
Statement of Earnings and Retained Earnings
For the six month period ended
(Unaudited)

	August 31 2017	*August 31 2016*
Sales	**23,891,446**	18,978,895
Cost of sales	**13,873,832**	9,934,374
Gross margin	**10,017,614**	9,044,521
Selling costs (Schedule 1)	**2,087,945**	1,831,223
Operating expenses (Schedule 2)	**4,980,036**	5,153,483
Administrative expenses (Schedule 3)	**562,689**	561,723
	7,630,670	7,546,429
Earnings from operations	**2,386,944**	1,498,092
Other expenses		
Foreign exchange gain	**40,594**	20,433
Gain (loss) on disposal of property and equipment	**8,750**	(284)
Management bonus and consulting fees (Note 7)	**(408,000)**	(408,000)
Earnings before income taxes	**2,028,288**	1,110,241
Provision for income taxes - current (Note 6)	**501,362**	233,872
Net earnings	**1,526,926**	876,369
Retained earnings, beginning of period	**5,892,545**	5,268,279
Retained earnings, end of period	**7,419,471**	6,144,648

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

The Bolt Supply House Ltd.
Interim Statement of Cash Flows
For the six month period ended
(Unaudited)

	August 31 2017	*August 31 2016*
Cash provided by (used for) the following activities		
Operating		
Cash received from customers	**23,012,812**	18,451,288
Cash paid to suppliers	**(17,416,362)**	(13,108,576)
Cash paid to employees	**(4,423,380)**	(4,510,999)
Income taxes received (paid)	**80,567**	(207,127)
Interest paid	**(47,825)**	(52,040)
Management bonus and consulting fees paid	**(408,000)**	(408,000)
Cash provided by operating activities	**797,812**	164,546
Financing		
Dividends paid	**-**	(500,000)
Repayment of operating loan, net of advances	**(577,657)**	-
Advances from operating loan, net or repayment	**-**	463,105
Cash used in financing activities	**(577,657)**	(36,895)
Investing		
Purchases of property and equipment	**(214,998)**	(263,091)
Proceeds on disposal of property and equipment	**9,570**	-
Cash used in investing activities	**(205,428)**	(263,091)
Net effect of translation on foreign currency cash	**40,594**	20,433
Increase (decrease) in cash	**55,321**	(115,007)
Cash, beginning of period	**161,827**	216,157
Cash, end of period	**217,148**	101,150

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

1. Incorporation and operations

The Bolt Supply House has been in business since 1948 as a wholesale and retail supplier of fasteners, power tools, safety equipment, shop supplies and accessories across western Canada. The current Company, The Bolt Supply House Ltd. (the "Company"), is the result of an amalgamation filed on August 23, 1996.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for private enterprises, and include the following significant accounting policies.

Cash

Cash includes balances with banks, and bank indebtedness includes overdrawn cash accounts and demand operating loans.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business.

Property and equipment

Property and equipment are initially recorded at cost. Amortization is provided using the methods and rates intended to amortize the cost of assets over their estimated useful lives, as follows:

	Method	Rate
Buildings	declining balance	5 %
Computer hardware	declining balance	30 %
Computer software	straight-line	3 years
Equipment and tools	declining balance	30 %
Furniture and fixtures	declining balance	20 %
Leasehold improvements	straight-line	5 years
Paving	declining balance	4 %
Vehicle and trailers	declining balance	30 %

Upon the year the asset is put in use, amortization is taken at one-half of the above rates.

Long-lived assets held for use

Long-lived assets held for use consist of property and equipment and are measured and amortized as described in the above accounting policy.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted future cash flows from its use and disposal. If the carrying amount is not recoverable, impairment is then measured as the amount by which the asset's carrying amount exceeds its fair value. Any impairment is included in net earnings for the year.

Revenue recognition

The Company recognizes revenue at the time of sale in stores or upon shipment of the merchandise, when the sale is accepted by the customer and collection is reasonably assured.

2. Significant accounting policies (*Continued from previous page)*

Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Gains and losses on translation or settlement are included in the determination of net earnings for the current year.

Income taxes

The Company accounts for income taxes using the taxes payable method. Under this method, only current income tax assets and liabilities are recorded to the extent they are unpaid or recoverable. In addition, the benefit relating to a tax loss incurred in the current year and carried back to prior years is recognized as a current asset. Current income tax assets and liabilities are measured using substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. A provision is made for slow moving and obsolete inventory. Management has estimated the value of the inventory based upon their assessment of the realizable amount less selling costs. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in net earnings in the years in which they become known.

Financial instruments

The Company recognizes its financial instruments when the Company becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Handbook Section 3840, *Related Party Transactions*.

At initial recognition, the Company may irrevocably elect to subsequently measure any financial instrument at fair value. The Company has elected to measure cash at fair value subsequent to initial recognition, all other financial instruments are subsequently measured at their amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in earnings. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

2. Significant accounting policies (*Continued from previous page)*

Financial asset impairment

The Company assesses impairment of all its financial assets measured at cost or amortized cost. The Company groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payment in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Company determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Company reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year net earnings.

The Company reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in net earnings in the year the reversal occurs. The adjusted carrying amount shall be no greater than the amount that would have been reported at the date the reversal had the impairment not been recognized previously.

Leases

A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease. At the inception of a capital lease, an asset and a payment obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized using the declining balance method, over their estimated useful lives. All other leases are accounted for as operating leases and rental payments are expensed as incurred

3. Inventory

Management has estimated the value of inventory based upon their assessment of the lower of cost and net realizable value less selling costs. Management has made an obsolescence provision of $40,000 (February 28, 2017 - $40,000).

4. Property and equipment

			August 31 2017	*February 28 2017*
	Cost	***Accumulated amortization***	***Net book value***	*Net book value*
Land	**177,320**	**-**	**177,320**	177,320
Buildings	**546,291**	**171,299**	**374,992**	376,808
Computer hardware	**2,712,054**	**2,338,608**	**373,446**	384,302
Computer software	**766,896**	**719,789**	**47,107**	47,136
Equipment and tools	**252,746**	**199,955**	**52,791**	57,842
Furniture and fixtures	**1,952,483**	**1,445,596**	**506,887**	484,912
Leasehold improvements	**1,127,223**	**760,866**	**366,357**	366,032
Paving	**6,400**	**3,572**	**2,828**	2,884
Vehicle and trailers	**107,631**	**46,823**	**60,808**	71,540
	7,649,044	**5,686,508**	**1,962,536**	1,968,776

5. Bank indebtedness

The operating line of credit is authorized up to $$5,500,000 (February 28, 2017 - $5,500,000), and bears interest at prime plus 0.25% (February 28, 2017 - prime plus 0.25%). As at August 31, 2017, $2,945,733 (February 28, 2017 - $3,523,390) was drawn on the operating line of credit. As at August 31, 2017, the prime interest rate was 2.95 % (February 28, 2017 - 2.70%). The authorized maximum limit is 75% of accounts receivable aged to 60 days plus 50% of inventory.

The operating line of credit is secured by a general assignment of book debts, Section 427 security over inventory, general security agreement over all present and future acquired assets. The operating line of credit is subject to periodic review, at least annually.

The operating line of credit is subject to certain financial and non-financial covenants with respect to working capital, debt service coverage, tangible net worth, acquisition of new financing and corporate reorganizations. As at August 31, 2017 the Company was in compliance with all financial and non-financial covenants. It is management's view that the Company will remain in compliance for the twelve months subsequent to August 31, 2017.

6. Income taxes

The reconciliation of the Company's effective income tax expense is as follows:

	August 31 2017	*August 31 2016*
Expected tax expense at 27% (2016 - 26.66%)	**547,639**	295,990
Increase (decrease) in income tax expense resulting from:		
Small business deduction	**(79,825)**	(65,800)
Impact of difference between amortization and CCA	**12,325**	-
Loss on disposal	**(2,363)**	-
Non-deductible expenses and other	**23,586**	3,682
Actual tax expense	**501,362**	233,872

7. Related party transactions

During the six month period ended August 31, 2017, the Company completed certain transactions with related parties. These transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Company recorded consulting fees expense in the amount of $108,000 (August 31, 2016 - $108,000) to a corporate shareholder. As at August 31, 2017, $110,250 (February 28, 2017 - $110,250) remained payable and is included in management bonus and consulting fees payable.

The Company recorded and paid management bonuses of $300,000 (August 31, 2016 - $300,000) to an officer who is also an individual shareholder. As at August 31, 2017, $Nil (February 28, 2017 - $Nil) remained payable.

8. Share capital

	August 31 2017	*February 28 2017*
Issued		
Common shares		
625 Class "A" common shares (2016 - 625 Class "A" shares)	**6**	6
625 Class "B" common shares (2016 - 625 Class "B" shares)	**6**	6
375 Class "D" common shares (2016 - 375 Class "D" shares)	**4**	4
375 Class "E" common shares (2016 - 375 Class "E" shares)	**4**	4
	20	20
Preferred shares		
11,199,865 Class C Series I preferred shares, redemption price $1 per share	**2**	2
3,750,083 Class C Series II preferred shares, redemption price $1 per share	**43,323**	43,323
2,250,052 Class C Series III preferred shares, redemption price $1 per share	**2,250,052**	2,250,052
	2,293,377	2,293,377
	2,293,397	2,293,397

	August 31 2017		*February 28 2017*	
Common shares	**Number**	**Amount**	Number	Amount
Opening balance	**2,000**	**20**	2,000	20
Closing balance	**2,000**	**20**	2,000	20

9. Commitments

The Company has entered into various lease agreements for premises with estimated minimum annual payments as follows:

2018	555,236
2019	963,143
2020	792,352
2021	668,504
2022	471,203
Thereafter	217,354
	4,404,260

10. Financial instruments

The Company, as part of its operations, carries a number of financial instruments. It is management's opinion that the Company is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company enters into transactions to purchase inventory and other goods and services denominated in United States dollars for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. The impact on the statement of earnings for the year had the U.S. dollar to Canadian dollar exchange changed by 10% would amount to $12,972 (February 28, 2017 - $1,150). The following items are denominated in United States currency and presented in Canadian currency:

	August 31 2017 CAD$	*February 28 2017 CAD$*
Cash	**183,762**	128,350
Accounts payable	**114,305**	116,854

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Company is exposed to interest rate risk primarily through its operating line of credit as described in Note 5. A 1% change in interest rates could increase or decrease interest expense by approximately **$**32,346 (February 28, 2017 - $35,234) on an annual basis.

Credit concentration

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. Company sales are concentrated in the industrial sector; however, credit exposure is limited due to the Company's large customer base.

11. Subsequent events

On October 3, 2017, Lawson Products Inc. (Ontario) acquired all the issued and outstanding shares of the Company for cash consideration of $40,000,000. The purchase price shall be increased or decreased, as applicable, dollar for dollar by the amount by which the net working capital is greater than or less than the target working capital.

12. Reconciliation of the Financial Statements to United States Generally Accepted Accounting Principles

These financial statements have been prepared in accordance with Canadian ASPE which, in most respects conforms to generally accepted accounting principles in U.S. GAAP. Any difference in accounting principles as they have been applied to the accompanying financial statements are not material except as described below. All items required for disclosure under U.S. GAAP are not noted.

The application of U.S. GAAP would have the following effect on the balance sheet as reported:

	August 31, 2017		*February 28, 2017*	
	Canadian ASPE	***U.S. GAAP***	*Canadian ASPE*	*U.S. GAAP*
Assets				
Current				
Cash	**217,148**	**217,148**	161,827	161,827
Accounts receivable	**4,316,272**	**4,316,272**	3,518,383	3,518,383
Income taxes recoverable	**-**	**-**	283,430	283,430
Inventory	**8,152,879**	**8,152,879**	7,231,182	7,231,182
Prepaid expenses and deposits	**423,400**	**423,400**	519,291	519,291
	13,109,699	**13,109,699**	11,714,113	11,714,113
Property and equipment	**1,962,536**	**1,962,536**	1,968,776	1,968,776
Total Assets	**15,072,235**	**15,072,235**	13,682,889	13,682,889
Liabilities				
Current				
Bank indebtedness	**2,945,733**	**2,945,733**	3,523,390	3,523,390
Accounts payable and accruals	**1,890,293**	**1,890,293**	1,763,603	1,763,603
Goods and services and sales taxes payable	**114,592**	**114,592**	99,704	99,704
Management bonus and consulting fees payable	**110,250**	**110,250**	110,250	110,250
Income tax payable	**298,499**	**298,499**	-	-
Deferred tax liability (Note a)	**-**	**107,679**	-	144,622
Deferred rent liability (Note b)	**-**	**220,847**	-	129,672
	5,359,367	**5,687,893**	5,496,947	5,771,241
Shareholders' Equity				
Share capital				
Common shares	**20**	**20**	20	20
Preferred shares (redeemable at $17,200,000)	**2,293,377**	**2,293,377**	2,293,377	2,293,377
Retained earnings	**7,419,471**	**7,090,945**	5,892,545	5,618,251
	9,712,868	**9,384,342**	8,185,942	7,911,648
Total Liabilities and Shareholders' Equity	**15,072,235**	**15,072,235**	13,682,889	13,682,889

The application of U.S. GAAP would have the following effect on the statement of earnings and retained earnings as reported:

	August 31, 2017		*August 31, 2016*	
	Canadian ASPE	***U.S. GAAP***	*Canadian ASPE*	*U.S. GAAP*
Sales	**23,891,446**	**23,891,446**	18,978,895	18,978,895
Cost of sales	**13,873,832**	**13,873,832**	9,934,374	9,934,374
Gross margin	**10,017,614**	**10,017,614**	9,044,521	9,044,521
Selling costs	**2,087,945**	**2,087,945**	1,831,223	1,831,223
Operating expenses (Note b)	**4,980,036**	**5,071,210**	5,153,483	5,166,690
Administrative expenses	**562,689**	**562,689**	561,723	561,723
	7,630,670	**7,721,844**	7,546,429	7,559,636
Earnings from operations	**2,386,944**	**2,295,770**	1,498,092	1,484,885
Other expenses				
Foreign exchange gain	**40,594**	**40,594**	20,433	20,433
Gain (loss) on disposal of property and equipment	**8,750**	**8,750**	(284)	(284)
Management bonus and consulting fees	**(408,000)**	**(408,000)**	(408,000)	(408,000)
Earnings before income taxes	**2,028,288**	**1,937,114**	1,110,241	1,097,034
Provision for income taxes - current	**501,362**	**501,362**	233,872	233,872
Provision for income taxes - deferred (Note a)	**-**	**(36,942)**	-	(7,248)
Net earnings	**1,526,926**	**1,472,694**	876,369	870,410
Retained earnings, beginning of period	**5,892,545**	**5,892,545**	5,268,279	5,268,279
Dividends	**-**	**-**	(500,000)	(500,000)
Deferred taxes adjustment (Note a)	**-**	**(144,622)**	-	(164,944)
Deferred rent liability adjustment (Note b)	**-**	**(129,672)**	-	(82,085)
Retained earnings, end of period	**7,419,471**	**7,090,945**	5,644,648	5,391,660

(a) Under Canadian accounting standards for private enterprises, section 3465 Income taxes,, the Company had selected to account for income taxes using the taxes payable method (current taxes). U.S. GAAP ASC 740, Income taxes, requires that financial statements should reflect the current and deferred tax consequences of all events that have been recognized in the financial statements or tax returns. Deferred tax assets or liabilities reflect temporary differences between amounts of assets and liabilities for financial and tax reporting. Such amounts are adjusted, as appropriate, to reflect changes in enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is established to offset any deferred tax assets if, based upon the available evidence, it is more likely than not (i.e. greater than 50% likely) that some or all of the deferred tax assets will not be realized. This resulted in an deferred income tax recovery of $36,942 (2016 - $7,248) and a reduction to opening retaining earnings of $144,622 (2016 - $ 164,944). The deferred tax liability is attributed to temporary differences with property and equipment and deferred rent liability.

12. Reconciliation of the Financial Statements to United States Generally Accepted Accounting Principles
(Continued from previous page)

(b) Under Canadian accounting standards for private enterprises, section 3065 Leases, the Company had selected to account for operating leases based on rental payments. U.S. GAAP ACS 840, Leases, requires that scheduled rent increases shall be recognized by the lessee on a straight-live basis over the lease term. This resulted in an additional rent expense of $91,174 (2016 - $13,207) and an reduction to opening retained earnings of $129,672 (2016 - $82,085).

The Bolt Supply House Ltd.
Schedule 1 -
Selling costs
For the six month period ended August 31, 2017 and August 31, 2016
(Unaudited)

	August 31 2017	*August 31 2016*
Selling costs		
Commissions	**1,768,661**	1,650,586
Freight	**152,946**	83,354
Automotive	**34,101**	48,342
Advertising and promotion	**51,698**	26,865
Customer rebates and allowances	**61,496**	10,178
Meals and entertainment	**5,357**	5,072
Other items	**13,686**	6,826
	2,087,945	1,831,223

The Bolt Supply House Ltd.
Schedule 2 -
Operating expenses
For the six month period ended August 31, 2017 and August 31, 2016
(Unaudited)

	August 31 2017	*August 31 2016*
Operating expenses		
Personnel	**3,112,809**	3,207,431
Occupancy	**1,138,803**	1,148,172
Communications	**342,233**	300,203
Other operating expenses	**166,571**	204,835
Travel	**102,897**	87,350
Training and education	**50,742**	129,458
Office	**65,981**	76,034
	4,980,036	5,153,483

	August 31 2017	*August 31 2016*
Administrative expenses		
Amortization	**220,418**	227,854
Bank charges	**128,861**	122,514
Other items	**84,839**	68,262
Interest on bank indebtedness	**47,826**	52,040
Bad debt expense	**80,745**	91,053
	562,689	561,723

EXHIBIT 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On October 3, 2017, Lawson Products Inc. (Ontario), a fully owned subsidiary of Lawson Products, Inc. ("Lawson" or the "Company") completed the acquisition of all of the issued and outstanding shares of The Bolt Supply House Ltd. ("Bolt Supply") pursuant to an Agreement and Plan of Merger dated as of October 3, 2017 among the Company and Bolt Supply. The following unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations are presented to reflect the effects of this acquisition.

The unaudited pro forma condensed combined balance sheet has been prepared to combine the September 30, 2017 unaudited balance sheet of Lawson with the August 31, 2017 unaudited balance sheet of Bolt Supply, originally prepared in accordance with Canadian Accounting Standards for Private Enterprises ("Canadian ASPE"), adjusted to be in accordance with Generally Accepted Accounting Principles in the United States ("US GAAP"), to reflect the transaction as if it had occurred on September 30, 2017.

The year ended December 31, 2016 unaudited pro forma condensed combined statements of operations combines the fiscal year end December 31, 2016 results of Lawson with the fiscal year end February 28, 2017 results of operations of Bolt Supply, originally prepared in accordance with Canadian ASPE, adjusted to be in accordance with US GAAP, as if the transaction had occurred on January 1, 2016. The nine months ended September 30, 2017 unaudited pro forma condensed combined statements of operations combines the nine months ended September 30, 2017 results of Lawson with the nine months ended August 31, 2017 results of operations of Bolt Supply, originally prepared in accordance with Canadian ASPE, adjusted to be in accordance with US GAAP, as if the transaction had occurred on January 1, 2016.

The pro forma information was prepared based on the historical financial statements and related notes of Lawson and Bolt Supply, as adjusted for the pro forma impact of applying the acquisition method of accounting in accordance with US GAAP and adjusting the historical financial statements of Bolt Supply to be in accordance with US GAAP. The pro forma adjustments are based upon available information and assumptions that Company management believes are factually supportable and are expected to have a continuing impact on the results of the Company after the acquisition. The allocation of the purchase price of the Bolt Supply acquisition reflected in these unaudited pro forma condensed combined financial statements has been based upon preliminary estimates of the fair value of assets acquired and liabilities assumed. The pro forma adjustments are therefore preliminary and have been prepared to illustrate the estimated effect of the acquisition.

The Company estimated the preliminary fair value of Bolt Supply's assets and liabilities based on discussions with Bolt Supply's management, due diligence and work performed by third-party valuation specialists. Additionally, management has not completed a full evaluation of Bolt Supply's accounting and business practices, and any changes identified may impact the future combined operating results. As the Company further reviews the transaction, increases or decreases in the fair value of relevant balance sheet amounts may result in adjustments, which may result in material differences from the information presented in this Form 8-K/A.

In addition to U.S. GAAP accounting adjustments, certain items have been reclassified from Bolt Supply's historical financial statement information to align the presentation of those financial statements with Lawson's financial statement presentation.

The Company translated the Bolt Supply financial results from Canadian dollars to U.S. dollars using the following historical exchange rates.

Rate Type	Time Period	Canadian to U.S. Exchange Rate
Average	Year ended February 28, 2017	0.761730
Average	Nine months ended August 31, 2017	0.757696
Period end	August 31, 2017	0.801089

The unaudited pro forma condensed combined financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been achieved had Lawson and Bolt Supply been a combined company during the respective periods presented.

The assumptions and estimates underlying the unaudited adjustments to the unaudited pro forma condensed combined financial statements are described in the accompanying notes, which should be read together with the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements should be read together with the Company's historical financial statements, which are included in the Company's latest annual report on Form 10-K and quarterly report on Form 10-Q, and Bolt Supply's historical information included in this Form 8-K/A.

LAWSON PRODUCTS, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEETS

AT SEPTEMBER 30, 2017

(In Thousands)

	Lawson Historical US $	Bolt Supply Historical Canadian ASPE Cdn $	Bolt Supply Historical Canadian ASPE US $	US GAAP Adjustments (Note 4)	Note	Pro Forma Adjustments (Note 5)	Note	Pro Forma Combined
ASSETS								
Current assets:								
Cash and cash equivalents	$ 19,043	$ 217	$ 174	$ —		$ (16,119)	5(a)	$ 3,098
Restricted cash	800	—	—	—		—		800
Accounts receivable, net	37,290	4,316	3,458	—		—		40,748
Inventories, net	43,341	8,153	6,531	—		—		49,872
Miscellaneous receivables and prepaid expenses	3,755	423	339	—		—		4,094
Total current assets	104,229	13,109	10,502	—		(16,119)		98,612
Property, plant and equipment, net	26,844	1,963	1,572	—		259	5(b)	28,675
Cash value of life insurance	11,623	—	—	—		—		11,623
Goodwill	5,789	—	—	—		14,131	5(c)	19,920
Deferred income taxes	20	—	—	—		—		20
Other assets	905	—	—	—		11,416	5(d)	12,321
Total assets	$ 149,410	$ 15,072	$ 12,074	$ —		$ 9,687		$ 171,171
LIABILITIES AND STOCKHOLDERS' EQUITY								
Current liabilities:								
Revolving line of credit	$ —	$ 2,946	$ 2,360	$ —		$ 13,940	5(e)	$ 16,300
Accounts payable	12,207	1,890	1,514	—		—		13,721
Accrued expenses and other liabilities	30,831	523	419	—		—		31,250
Total current liabilities	43,038	5,359	4,293	—		13,940		61,271
Security bonus plan	13,347	—	—	—		—		13,347
Financing lease obligation	6,710	—	—	—		—		6,710
Deferred compensation	5,108	—	—	—		—		5,108
Deferred rent liability	3,473	—	—	177	4(a)	203	5(f)	3,853
Deferred income tax liabilities	—	—	—	86	4(b)	3,062	5(g)	3,148
Other liabilities	5,071	—	—	—		—		5,071
Total liabilities	76,747	5,359	4,293	263		17,205		98,508
Stockholders' equity:								
Preferred shares	—	2,294	1,838	—		(1,838)	5(h)	—
Common stock par value	8,921	—	—	—		—		8,921
Capital in excess of par value	12,335	—	—	—		—		12,335
Retained earnings	51,216	7,419	5,943	(263)		(5,680)	5(h)	51,216
Treasury stock	(711)	—	—	—		—		(711)
Accumulated other comprehensive income	902	—	—	—		—		902
Total Stockholders' equity	72,663	9,713	7,781	(263)		(7,518)		72,663
Total liabilities, preferred shares and stockholders' equity	$ 149,410	$ 15,072	$ 12,074	$ —		$ 9,687		$ 171,171

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands, except per share amounts)

	Lawson Historical US $	Bolt Supply Historical Canadian ASPE Cdn $	Bolt Supply Historical Canadian ASPE US $	US GAAP Adjustments (Note 4)	Note	Pro Forma Adjustments (Note 5)	Note	Pro Forma Combined
Net sales	$ 276,573	$ 37,637	$ 28,669	$ —		$ —		$ 305,242
Cost of goods sold	108,511	20,955	15,962	—		—		124,473
Gross profit	168,062	16,682	12,707	—		—		180,769
Operating expenses	169,519	15,241	11,609	36	4(c)	790	5(i)	180,843
						(1,111)	5(j)	
Operating income (loss)	(1,457)	1,441	1,098	(36)		321		(74)
Interest and other expenses, net	(74)	33	25	—		(515)	5(l)	(564)
Income (loss) from operations before income taxes	(1,531)	1,474	1,123	(36)		(194)		(638)
Income taxes	98	350	267	(15)	4(d)	(52)	5(m)	298
Net income (loss)	$ (1,629)	$ 1,124	$ 856	$ (21)		$ (142)		$ (936)
Basic and diluted loss per share of common stock	$ (0.19)							$ (0.11)
Basic and diluted weighted average shares outstanding	8,780							8,780

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENTS OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
(In thousands, except per share amounts)

	Lawson Historical US $	Bolt Supply Historical Canadian ASPE Cdn $	Bolt Supply Historical Canadian ASPE US $	US GAAP Adjustments (Note 4)	Note	Pro Forma Adjustments (Note 5)	Note	Pro Forma Combined
Net sales	$ 225,274	$ 32,178	$ 24,381	$ —		$ —		$ 249,655
Cost of goods sold	89,249	18,838	14,273	—		—		103,522
Gross profit	136,025	13,340	10,108	—		—		146,133
Selling, general and administrative expenses	131,754	10,913	8,268	103	4(c)	590	5(i)	139,659
						(770)	5(j)	
						(286)	5(k)	
Gain on sale of property	(5,422)	—	—	—		—		(5,422)
Total operating expenses	126,332	10,913	8,268	103		(466)		134,237
Operating income (loss)	9,693	2,427	1,840	(103)		466		11,896
Interest and other expenses, net	560	(13)	(10)	—		(151)	5(l)	399
Income (loss) from operations before taxes	10,253	2,414	1,830	(103)		315		12,295
Income taxes	802	605	458	(42)	4(d)	85	5(m)	1,303
Net income (loss)	$ 9,451	$ 1,809	$ 1,372	$ (61)		$ 230		$ 10,992
Basic income per share of common stock	$ 1.07							$ 1.24
Diluted income per share of common stock	$ 1.04							$ 1.21
Basic weighted average shares outstanding	8,856							8,856
Diluted weighted average shares outstanding	9,112							9,112

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information

Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1 - Description of the Transaction

On October 3, 2017, Lawson Products Inc. (Ontario), a fully owned subsidiary of Lawson, purchased all of the issued and outstanding shares of The Bolt Supply House Ltd. ("Bolt Supply"). Bolt Supply is a wholesale and retail supplier of fasteners, power tools, safety equipment, shop supplies and accessories across Western Canada.

The aggregate purchase price for the shares of Bolt Supply was approximately $32.4 million, consisting of cash on hand and borrowings of $16.3 million from the Company's existing revolving line of credit.

Note 2 - Basis of Pro Forma Presentation

The unaudited pro forma condensed combined balance sheet has been prepared to combine the September 30, 2017 unaudited balance sheet of Lawson with the August 31, 2017 unaudited balance sheet of Bolt Supply to reflect the transaction as if it had occurred on September 30, 2017. The year ended December 31, 2016 unaudited pro forma condensed combined statements of operations combines the fiscal year end December 31, 2016 results of Lawson with the fiscal year end February 28, 2017 results of Bolt Supply as if the transaction had occurred on January 1, 2016. The nine months ended September 30, 2017 unaudited pro forma condensed combined statement of operations combines the nine months ended September 30, 2017 results of Lawson with the nine months ended August 31, 2017 results of Bolt Supply as if the transaction had occurred on January 1, 2016.

Due to the difference in the fiscal year end of Lawson and Bolt Supply, net sales and net income of $6.3 million and $0.2 million, respectively, for the three month period ended February 28, 2017 have been included in both the pro forma combined statement of operations for the year ended December 31, 2016 and also for the pro forma combined nine month period ended September 30, 2017.

Certain reclassifications have been made to the Bolt Supply financial statements to conform to Lawson's presentation. Such reclassifications have no effect on the net income recorded. The Bolt Supply historical financial information were prepared in accordance with Canadian Accounting Standards for Private Enterprises ("Canadian ASPE") in Canadian dollars. The results have been translated into U.S. dollars and adjustments have been made to conform with US GAAP.

The unaudited pro forma condensed combined financial statements should be read in conjunction with Lawson's historical consolidated financial statements and related notes included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2016 filed with the Securities and Exchange Commission on February 23, 2017 and the Quarterly Report on Form 10-Q for the period ended September 30, 2017 as filed with the Securities and Exchange Commission on October 26, 2017; as well as Bolt Supply's historical consolidated financial statements and related notes included as exhibits 99.1 and 99.2 to this Current Report Form 8-K/A.

The unaudited pro forma condensed combined financial statements have been prepared for informational and illustrative purposes in accordance with the rules and regulations of the U.S. Securities and Exchange Commission ("SEC"), including Article 11 of Regulation S-X under the Securities Act. Such information is preliminary and based on currently available information, assumptions and adjustments that the Company believes are reasonable, however the ultimate amounts recorded may be different. The Company's historical condensed consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial information to give effect to pro forma events that are (1) directly attributable to the Bolt Supply acquisition (2) factually supportable and (3) with respect to the statement of operations expected to have a continuing impact on the consolidated financial results. These financial statements are not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been achieved had Lawson and Bolt Supply been a combined company during the respective periods presented.

The Company expects to incur costs and realize benefits associated with integrating the operations of Lawson and

Bolt Supply. The unaudited pro forma condensed combined financial statements do not reflect the costs of any integration activities, future anticipated synergies or any non-recurring charges directly related to the acquisition that the combined Company may incur upon completion of the transaction.

Note 3 - Estimated Preliminary Purchase Price Consideration

On October 3, 2017, the Company acquired Bolt Supply for total consideration of approximately $32.4 million. The unaudited pro forma condensed combined financial information includes various assumptions, including those related to the preliminary purchase price allocation of the assets acquired and liabilities assumed of Bolt Supply based on management's best estimates of fair value. The excess of the aggregate cost of the acquisition over the estimated fair market value of the acquired identifiable net assets has been recorded as goodwill. The final purchase price allocation may vary based on final appraisals, valuations and analyses of the fair value of the acquired assets and assumed liabilities. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

The following table summarizes the preliminary allocation of the purchase price for Bolt Supply as to the acquired identifiable assets, liabilities assumed and pro forma goodwill:

	(Amounts in thousands)
Cash paid at closing	$ 32,419
Cash	174
Receivables	3,458
Inventories	6,531
Other current assets	339
Property, plant and equipment	1,831
Intangible assets	11,416
Goodwill	14,131
Accounts payable	(1,514)
Accrued expenses	(419)
Deferred rent liabilities	(380)
Deferred tax liabilities	(3,148)
Total	$ 32,419

Note 4 - US GAAP Adjustments

Certain reclassifications have been made to the historical presentation of the Bolt Supply results to conform to the presentation used in the unaudited pro forma condensed combined financial statements. They include the following:

(a) Under Canadian ASPE, Bolt expenses rental payments on operating leases as incurred. Under US GAAP, operating lease costs are recognized on a straight-line basis over the term of the lease. The adjustment to deferred rent expense for this difference was $177 thousand.

(b) In accordance with Canadian ASPE, Bolt Supply originally recorded income taxes using the taxes payable method in which only current income tax assets and liabilities are recorded to the extent they are unpaid or recoverable. Under US GAAP, deferred tax asset and liabilities are established on the balance sheet to reflect the tax effect of temporary differences between the book and tax basis of the underlying assets and liabilities. The adjustment to deferred tax liabilities for this difference was $86 thousand.

(c) Bolt Supply originally recorded expenses related to operating leases as incurred in accordance with Canadian ASPE. Under US GAAP, operating lease costs are recognized on a straight-line basis over the term of the lease. This adjustment reflects the additional expense that Bolt Supply would incur under US GAAP of $36 thousand and $103 thousand for the year ended December 31, 2016 and the nine months ended September 30, 2017, respectively.

(d) Income tax expense has been reduced by $15 thousand and $42 thousand for the year ended December 31, 2016 and the nine months ended September 30, 2017 which approximates the effective tax rate.

Note 5 - Pro Forma Adjustments

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unadjusted pro forma condensed combined financial information:

(a) The pro forma adjustments to cash and cash equivalents reflects the amount paid for the acquisition as follows (amounts in thousands):

Total funds used for the acquisition	$	32,419
Proceeds from revolving line of credit		(16,300)
Cash portion of purchase consideration	$	16,119

(b) The pro forma adjustments to property, plant and equipment to reflect their fair market value, based on independent appraisals of the properties, were as follows (amounts in thousands):

Land	$	100
Buildings		159
Total property, plant and equipment adjustment	$	259

The related depreciation is considered immaterial for inclusion in the pro forma financial statements.

(c) The pro forma adjustment to goodwill of $14.1 million reflects the purchase price of the acquisition less the fair market value of the acquired identifiable net assets.

(d) The fair market value of the acquired intangible assets and their estimated useful lives was calculated by a third-party valuation firm. The pro forma adjustments to intangible assets are as follows:

	Estimated useful life (in years)	(Amounts in thousands)	
Trade names	15	$	7,234
Customer relations	12		4,182
Total intangible assets adjustment		$	11,416

(e) The pro form adjustment to revolving line of credit consists of proceeds received by Lawson as a part of the payment for the acquisition and the pay down of the line of credit at Bolt Supply as follows (amounts in thousands):

Proceeds from Lawson revolving line of credit	$	16,300
Paydown of Bolt Supply revolving line of credit		(2,360)
Total adjustments	$	13,940

(f) The pro forma adjustment of $203 thousand to deferred rent liability reflects the fair market value adjustment to Bolt Supply's operating leases for branch locations. The amount was determined by a third-party review of Bolt Supply's operating leases.

(g) The $3.1 million pro forma adjustment to deferred income tax liabilities was calculated on the book tax differences created by the purchase price allocation using a 27% statutory tax rate which approximates the effective tax rate.

(h) The pro forma adjustments to eliminate Bolt Supply's historical equity include the following (amounts in thousands):

Preferred shares	$	1,838
Retained earnings		5,680
Total stockholders' equity	$	7,518

(i) The pro forma adjustment for amortization of acquired intangible assets are as follows (amounts in thousands):

	Year Ended December 31, 2016		Nine Months Ended September 30, 2017	
Trade names	$	459	$	343
Customer relations		331		247
Total intangible assets adjustment	$	790	$	590

(j) Pro forma operating expenses were reduced by management fees of $1.1 million and $0.8 million for the year ended December 31, 2016 and the nine months ended September 30, 2017, respectively, which consist of payments made to the previous owners that were discontinued as a part of the acquisition.

(k) A Pro Forma adjustment has been made to remove the acquisition related expenses of $286 thousand which were originally recorded in the Company's September 30, 2017 results.

(l) The additional net interest expense was calculated based on the $16.3 million borrowing on Lawson's revolving line of credit in relation to the acquisition, using the current interest rate of 4.25%, and assuming that the revolver balance was reduced by $0.7 million each month.

(m) The additional income tax benefit is based on the pro forma adjustments using a 27% statutory income tax rate.