Consolidated financial statements

CG Power USA Inc.

March 31, 2016

Report of independent auditors

To the Board of Directors of
CG Power USA Inc.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **CG Power USA Inc.**, which comprise the consolidated balance sheets as of March 31, 2016 and 2015, and the related consolidated statements of operations, stockholder's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free of material misstatement, whether due to fraud or error.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of **CG Power USA Inc.** at March 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada
May 16, 2016

Chartered Professional Accountants

CG Power USA Inc.
Consolidated balance sheet as at

	Notes	March 31, 2016	March 31, 2015
		$	$
ASSETS			
Current			
Cash		6,723,564	4,105,235
Restricted cash		397,517	484,679
Accounts receivable, less allowance for doubtful accounts		15,175,499	22,492,532
Inventories	3	20,253,498	19,137,673
Deferred tax assets	8	-	3,368,789
Due from / loans to affiliates	9	457,069	11,835,495
Income taxes receivable		-	83,822
Other current assets	10	2,152,277	622,335
Current assets held for sale	15	46,436,507	32,117,775
Total current assets		**91,595,931**	**94,248,335**
Plant, property and equipment, net	4	26,159,400	27,268,175
Intangible and other assets	5	443,795	507,500
Deferred tax assets	8	-	2,853,690
Investments in bonds		637,700	692,500
Other assets		27,785	295,397
Long-term assets held for sale	15	-	31,064,359
		118,864,611	**156,929,956**
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current			
Accounts payable and accrued liabilities		13,689,120	18,125,345
Deferred revenue	6.1	1,120,379	1,454,418
Borrowings	7	16,458,338	2,056,883
Due to / loans from affiliates	9	12,371,742	15,885,238
Income tax payable		713,108	-
Other liabilities	6	11,612,716	5,076,246
Current liabilities held for sale	15	25,838,988	59,144,830
Total current liabilities		**81,804,391**	**101,742,960**
Deferred revenue	6.1	2,408,835	2,413,595
Borrowings	7	-	12,630,492
Long-term pension liability		347,456	474,050
Long-term liabilities held for sale	15	-	6,748,358
Total liabilities		**84,560,682**	**124,009,455**
Commitments and contingencies	13		
Stockholder's equity			
Common stock		-	-
Additional paid-in capital		20,340,327	20,340,327
Retained earnings		13,963,602	12,580,174
Total stockholder's equity		**34,303,929**	**32,920,501**
		118,864,611	**156,929,956**

See accompanying notes

CG Power USA Inc.

Consolidated statement of operations for the year ended

	Notes	March 31, 2016 $	March 31, 2015 $
Net sales		121,021,512	146,329,061
Cost of sales		(109,238,172)	(131,027,174)
Gross profit		**11,783,340**	**15,301,887**
Selling, general and administrative expenses		(10,825,744)	(10,857,148)
Income from operations		**957,596**	**4,444,739**
Other income (expenses)			
Interest income		46,301	112,543
Interest expense		(1,033,274)	(906,992)
Intercompany loan recoveries, net	9	13,487,268	-
Insurance claim	10	1,000,000	-
Other income, net		552,204	530,561
		14,052,499	**(263,888)**
Income from continuing operations before tax		**15,010,095**	**4,180,851**
Provision for income taxes	8	**(7,621,573)**	**(1,884,627)**
Income from continuing operations		**7,388,522**	**2,296,224**
Discontinued operations	15		
Loss on discontinued operations		**(3,846,750)**	**(6,464,850)**
Income tax benefit (expense)		**(2,158,344)**	**2,932,669**
Loss on discontinued operations		**(6,005,094)**	**(3,532,181)**
Net income (loss) for the year		**1,383,428**	**(1,235,957)**

See accompanying notes

CG Power USA Inc.

Consolidated statements of stockholder's equity for the year ended March 31, 2015 and 2016

	Common stock				
	Shares issued	**Par value** $	**Additional paid in capital** $	**Retained earnings** $	**Total stockholder's equity** $
Balance, March 31, 2014	**100**	**-**	**20,340,327**	**13,816,131**	**34,156,458**
Additional paid in capital	**-**		**-**	-	**-**
Net loss for the year			-	(1,235,957)	**(1,235,957)**
Balance, March 31, 2015	**100**	**-**	**20,340,327**	**12,580,174**	**32,920,501**
Additional paid in capital	**-**		**-**	**-**	-
Net income for the year	**-**		**-**	1,383,428	1,383,428
Balance, March 31, 2016	**100**	**-**	**20,340,327**	**13,963,602**	**34,303,929**

The Company has issued 100 common stock with no par value and accordingly the common stock is carried at nil value.

See accompanying notes

CG Power USA Inc.

Consolidated statement of cash flows for the year ended

	March 31, 2016 $	March 31, 2015 $
Cash flows from operating activities		
Net income for the year from continuing operations	7,388,522	2,296,224
Adjustment for:		
Depreciation of plant, property and equipment	2,336,315	2,333,113
Amortization of intangible assets	111,353	17,500
Change in warranty provision	75,132	(194,255)
Change in provision for inventory	1,085,564	(111,065)
Bad debts written off	29,490	-
Intercompany loans from and amounts due to affiliated companies recovered	(14,868,979)	-
Intercompany loans to and amounts due from affiliated companies waived	1,381,711	-
Deferred tax asset	6,222,479	(1,028,575)
Gain on sale of plant, property and equipment	(5,125)	-
Unrealized foreign exchange gain	(52,579)	-
Insurance recoveries	(1,572,340)	-
Changes in non-cash working capital		
Accounts receivable	7,262,428	940,824
Restricted cash	87,162	(49,195)
Inventories	(2,201,389)	2,554,955
Due from affiliates	2,806,471	(782,294)
Due to affiliates	(3,642,983)	2,354,428
Accounts payable and accrued liabilities	(4,358,532)	(709,715)
Deferred revenue	(338,799)	760,218
Other assets	380,239	(211,595)
Other liabilities	7,101,111	(3,229,768)
Net cash generated from continuing operations	**9,227,251**	**4,940,800**
Net cash generated from (used in) discontinued operations	555,883	(17,602,185)
Net cash generated from (used in) operating activities	**9,783,134**	**(12,661,385)**
Cash flows from investing activities:		
Purchase of plant, property and equipment	(1,243,188)	(622,473)
Proceeds from sale of plant, property and equipment	20,774	-
Purchase of intangible assets	(47,648)	(525,000)
Proceeds from redemption of bonds	54,800	72,400
Loans given to affiliated companies	(17,309,994)	(5,093,175)
Loans repaid by affiliated companies	340,000	2,970,212
Net cash used in investing activities, continuing operations	**(18,185,256)**	**(3,198,036)**
Net cash used in Investing activities, discontinued operations	(729,541)	2,107,967
Net cash used in investing activities	**(18,914,797)**	**(1,090,069)**
Cash flows from financing activities:		
Loan advanced from banks and other financial institutions	11,234,980	5,792,475
Loan repaid to banks and other financial institutions	(9,464,017)	(2,274,616)
Loans repaid to banks on behalf of the discontinued operations	(29,353,333)	-
Loans advanced from affiliated companies	39,158,704	36,191
Net cash generated from financing activities, continuing operations	**11,576,334**	**3,554,050**
Net cash generated from (used in) financing activities, discontinued operations	(4,999,049)	13,724,467
Net cash generated from financing activities	**6,577,285**	**17,278,517**
Net change in cash	(2,554,378)	3,527,063
Cash at the beginning of the year	11,845,375	8,318,312
Cash at the end of the year	**9,290,997**	**11,845,375**
Cash represented by		
Cash for continuing operations	6,723,564	4,105,235
Cash for discontinued operations	2,567,433	7,740,140
	9,290,997	**11,845,375**
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	1,375,732	2,021,176
Income taxes refunded	83,784	122,313

See accompanying notes

CG Power USA Inc.
Notes to consolidated financial statements
March 31, 2016

1. Nature of business

CG Power USA Inc. [the "Company"] is a wholly owned subsidiary of CG International, B.V. [the "Parent" or the "Parent Company"] with facilities in various locations in the United States, operating in multiple markets and business sectors within and relating to electrical power generation and transmission.

The Company reports all figures in U.S. dollars.

2. Summary of significant accounting policies

Basis of presentation

The accompanying financial statements are consolidated financial statements, prepared in accordance with accounting principles generally accepted in the United States [“US GAAP”] and after consolidation of wholly-owned subsidiaries QEI LLC and CG Power County LLC. Effective July 8, 2015 CG Power County LLC was wound down and all balances were consolidated until the date of dissolution. All intercompany balances and transactions have been eliminated upon consolidation.

Use of estimates

The preparation of consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates.

The Company has applied significant estimates in relation to its assessment for valuation allowance in relation to deferred tax assets, impairment testing of goodwill, fair valuation of derivative financial instruments and certain financial assets and liabilities.

Revenue recognition

The Company recognizes revenues based on products or services offered, as stated below:

Sale of manufactured goods
Revenue is recorded when the following criteria are met: persuasive evidence of an agreement exists, delivery has occurred or services have been rendered, the price to the buyer is fixed and determinable and collectability is reasonably assured. Delivery occurs when the customer assumes the risks and rewards of ownership upon shipment of internally produced products, with the exception of those products that are shipped free on board ["FOB"] destination, for which revenues and the related direct costs are recognized when the shipments are delivered. The Company records the cost of all materials consumed in the manufacturing process within cost of sales.

Amounts received upon the sale of scrap material are recognized as part of other income.

Construction and other contracts
The Company's work is performed under fixed price and cost-plus-fee contracts.

The Company records revenue from fixed price construction contracts on the percentage-of-completion basis whereby revenues earned are based on management's estimates of the percentage-of-completion of each project. Percentage of completion is determined based on the relationship of actual costs to total estimated costs. The method of estimating completion by comparing actual costs to estimated total costs is used because management considers this as the best available measurement of progress for those projects. Changes in estimated profits on contracts are reflected during the period in which the changes in estimates are made. The asset, “Excess of costs and estimated earnings over billings on uncompleted contracts", represents revenues recognized in excess of amounts billed. The liability, “Excess of billings over costs and estimated earnings on uncompleted contracts," represents billings in excess of revenues recognized. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. The Company does not record revenue for additional compensation on contracts until a change order is executed to reflect the amount to be paid.

The length of the Company's contracts varies but is typically less than one year.

Revenues from time-and-material contracts are recognized as the work is performed. Other indirect costs that are not specific to a contract such as insurance, rent, depreciation and office expenses are allocated to contracts based on an estimated overhead rate, which is applied based on actual labor cost. General and administrative costs are expensed as incurred.

Revenues on maintenance contracts are recognized pro rata over the terms of the contracts. Deferred revenue consists of the portion of maintenance contracts billed but not earned at year-end.

During the year these activities were classified as discontinued operations, refer to Note 15.

Principal/agent activities
In the case of trading activities, the Company records sales and cost of sales when products are shipped to the customer by group companies, with the exception of those products that are shipped FOB destination for which revenues and the related direct costs are recognized when the customer receives the products.

Cash
Substantially all amounts reported as cash on the Company's consolidated balance sheets represents bank balances and cash on hand, which is available on demand to the Company.

Restricted cash
Restricted cash represents cash whose use is restricted for specific purposes bound by virtue of contractual agreements.

Accounts receivable
Accounts receivable are stated net of an allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts based upon estimated losses that could result from a customer's inability to pay for services provided. This allowance is based on a combination of historical losses, aging of receivables and the financial condition of a particular customer. The allowance for doubtful accounts provision is recorded as an element of selling, general and administrative expenses in the period when the collection of such accounts is determined to be doubtful. If, in a subsequent year, the write-off is recovered, the recovery is recognized in the consolidated statements of operations.

Contract receivable from performing engineering, procurement and construction services are based on contracted prices. Contract retentions are generally due 180 days after completion of the project and acceptance by the owner. Contract receivables are written off when deemed uncollectible. Recoveries of contract receivables previously written off are recorded when received / recovered.

Inventories
The Company's inventories are comprised primarily of raw materials, work in process and finished goods. Inventories are stated at the lower of cost or market value and are valued using the average cost method. Inventory manufactured by the Company includes the cost of materials, labor and manufacturing overhead. The Company writes down its inventories for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions.

Substantially all work in process relates to customer contracts, which require completion and customer acceptance and approval.

Derivative instruments
The Company along with group companies of the Parent Company, periodically enter into forward contracts and interest rate swaps to manage fluctuations in foreign currency exchange rates, commodity rates and interest rates. During the current and prior year only amounts related to foreign currency exchange derivatives were outstanding. The Company recognizes the change in fair value associated with these derivative instruments on the statement of operations in other income, net as a result of mark-to-market adjustments which resulted in an aggregate gain of $228,553 for the year ended March 31, 2016 [aggregate loss of $847,575 for the year ended March 31, 2015]. Details of unrealized mark- to-market adjustments accrued for in the consolidated financial statements and the method adopted for the valuation of financials assets and liabilities are stated in Note 11. The Group on behalf of the Company had outstanding derivative contracts with notional values of $4,659,440 USD at March 31, 2016 [$868,550 USD at March 31, 2015].

Plant, property and equipment
Plant, property and equipment are stated at cost, net of accumulated depreciation. Expenditures for maintenance and repairs which do not add to the original value of the related assets or materially extend their original lives are expensed as incurred.

Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives for computing depreciation on plant, property and equipment are as follows:

Building and improvements	10 - 35 years
Machinery and equipment	7 - 12 years
Furniture and fixtures	4 - 10 years
Office equipment	5 years
Vehicles	3 - 5 years
Tooling	5 years
Computer equipment	3 - 5 years

Leasehold improvements and leased equipment are amortized on a straight-line basis over the lesser of the lease term or useful life of the underlying asset, of which the maximum duration is 10 years, and are included in discontinued operations.

The carrying value of plant, property and equipment is assessed for recoverability by management based on analysis of future expected cash flows from the underlying operations of the Company. Management believes there has been no impairment at March 31, 2016 and March 31, 2015.

Leasing arrangements
The Company follows ASC 840 "Leases", which requires companies to assess the classification of the leases they enter into as either a capital lease or an operating lease. The Company accounts for its operating leases in accordance with the authoritative accounting standard on leases, which requires, among other things, accounting for the straight-line effect of escalating rents during the lease term and recognizing the effect of rent holidays over the related lease terms.

Investment in bonds
In February 2010, the Company purchased $1,041,000 of BUILD Missouri Revenue Bonds in connection with receiving funding in the same amount from the Missouri Development Finance Board. These bonds are accounted for at amortized cost under the held-to-maturity model. The Company receives semi-annual interest payments at 5% plus a portion of the principal. The final payment will be received in December 2024.

At March 31, 2016, the fair value approximates amortized cost.

Insurance recoveries
Insurance proceeds are collected on business interruption and property insurance policies. When losses are sustained in one accounting period and the amounts to be recovered are collected in a subsequent accounting period, management uses estimates and judgment to determine the amounts that are probable of recovery. During the year the test bay at one of the Company's plants was inoperative for approximately three months resulting in business interruption losses. The Company has raised a claim with its insurer claiming insurance for these losses and accordingly has recognized an insurance recovery of $1,000,000 based on the communications received from their insurer prior to March 31, 2016 indicating that this was irrevocably the minimum amount that could be expected to be received by the Company relating to this claim.

Debt issuance costs
At March 31, 2015, other assets included debt issuance costs, which were amortized over the terms of the related debt expiring at various dates from 2015 through 2028. Amortization charged to expense was $47,303 for the year ended March 31, 2015. During the year ended March 31, 2016, the Company repaid the debt to which these debt issuance costs related and the remaining unamortized balance of $231,944 was expensed. Amortization expense is included within selling, general and administrative expenses in the consolidated statement of operations.

Warranties
The Company generally warrants its products against defects for a period of one year. A provision for estimated future costs and estimated returns for credit relating to warranties are accrued when revenue is recognized. Such accruals are based upon historical experience and management's estimate of the level of future claims. Additionally, the Company offers extended warranties.

The Company services and supports customers by providing warranties for its automation systems and the standard warranty is twelve months from the date of installation.

The revenue related to these extended warranties is deferred and recognized over the term of the warranty and included in net sales.

Goodwill and intangible assets
ASC 805, "Business Combinations", requires that the purchase method of accounting be used for all business combinations. The guidance specifies criteria as to intangible assets acquired in a business combination that must be recognized and reported separately from goodwill. Under ASC 350, "Intangibles Goodwill and Other", all assets and liabilities of the acquired businesses, including goodwill, are assigned to reporting units.

Goodwill represents the excess of the purchase price over the fair value of assets acquired and liabilities assumed. Goodwill is not amortized but subject to an annual impairment test. The Company is required to perform a two-step process in its impairment assessment of goodwill. Step one is to test for the potential of impairment. If the potential for impairment is identified by step one then step two is undertaken to measure the amount of impairment loss.

The fair value of the reporting unit, meaning the business enterprise value of the automation division has been determined after equally weighting the value indicators using the Income Approach and the Market Approach and thereafter subtracting the debt from the estimated business enterprise value. Based on the fair value determined it was concluded that fair value of the unit was lower than its carrying value of the leading to indicators that the goodwill may be impaired.

As a result of a decrease in revenue over the past several fiscal year', the Company has lowered its forecast of revenue growth for the automation division, leading to a decrease in the estimated business enterprise value of this reporting unit. As a result of which using the methodology above, during the year the Company has recognized an impairment loss of $6,163,000, which have been included in discontinued operations and disclosed in Note 15. No impairment losses were recognized by the Company in the prior year.

Intangible assets deemed to have finite lives are amortized over their estimated useful lives and are evaluated for impairment as long-lived assets. Intangible assets that have finite lives are amortized using accelerated and straight-line methods over their estimated useful lives, which range from three to fifteen years. An intangible asset that is subject to amortization is reviewed for impairment in accordance with the authoritative accounting standard on impairment.

Income taxes
The Company accounts for income taxes in accordance with ASC 740, “Income Taxes”, which requires the use of the liability method of accounting for income taxes. The current and deferred tax consequences of a transaction are measured by applying the provisions of enacted tax laws to determine the amount of taxes payable currently or in future years. Deferred income taxes are provided for temporary differences between income tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A valuation allowance reduces deferred tax assets when management determines it is "more likely than not" that some portion or all of the deferred tax assets will not be realized. As of March 31, 2016, management has taken a full valuation allowance on remaining deferred tax assets as a result of the discontinued operations and the uncertainty surrounding the realization of those assets.

The Company follows the provisions of authoritative accounting guidance that prescribes a recognition threshold and a measurement attribute for the recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. To the extent accrued interest and penalties do not ultimately become payable, amounts accrued will be reduced and reflected as a reduction of the overall income tax provision in the period that such determination is made.

Advertising expense
The Company expenses costs of advertising and promotion as incurred. Advertising expense totaled $29,055 and $11,944 during the years ended March 31, 2016 and 2015, respectively.

Segment accounting and disclosures
The Company operates under the power system segment. As the Company’s business falls within a single business segment, there are no additional disclosures to be provided under Financial Accounting Standards - 131 “Disclosures about Segments of an Enterprise and Related Information” [ASC 280-10], other than those already provided for in the consolidated financial statements.

Discontinued operations:
A disposal group qualifies as discontinued operations if it is a component of an entity that either has been disposed of, or is classified as held for sale, and,

1. Represents a separate major line of business or geographical area of operations;
2. Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
3. Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit and loss after tax from discontinued operations in the consolidated statements of operations as well as being excluded from note disclosure except as specifically noted. Additional disclosures are provided in Note 15.

Recent accounting pronouncements:
In May 2014, the Financial Accounting Standards Board [“FASB”] issued an accounting standard update on revenue recognition from contracts with customers that is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. The standard can be adopted for annual periods beginning after December 15, 2016 at the earliest. In August 2015, the FASB issued an accounting standard update to delay the effective date of the revenue recognition standard update by one year to annual reporting periods beginning after December 15, 2018 and interim reporting periods within annual reporting periods beginning after December 15, 2019. It is not practicable to provide a reasonable estimate of the effect of this update until a detailed review has been completed.

In June 2014, the FASB issued an accounting standard update on stock based compensation. Under the amendments in this update, a performance target that affects vesting and that could be achieved after the requisite service period are required to be treated as a performance condition. This update will become effective for annual and interim periods beginning after December 15, 2015. Early adoption is permitted. Upon adoption, the Company does not expect this standard to have a material impact on its financial condition or results of operations.

In August 2014, the FASB issued an accounting standard update on going concern assessments and disclosures. Under the amendments in this update, for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or available to be issued). If substantial doubt has been identified, certain disclosures are required to be made. This update will become effective for annual periods ending after December 15, 2016 and for annual and interim periods thereafter. Early adoption is permitted. Upon adoption, the Company does not expect this standard to have a material impact on its financial condition or results of operations.

In November 2014, the FASB issued an accounting standard update on business combinations. Under the amendments in this update, an acquired entity may elect the option to apply pushdown accounting in its separate financial statements upon the occurrence of an event in which an acquirer obtains control of the acquired entity. The election to apply pushdown accounting can be made either in the period in which the change of control occurred, or in a subsequent period. The decision to apply pushdown accounting to a specific change in control event is irrevocable. This update was effective on November 18, 2014 and upon adoption did not have a material impact on the Company's financial condition or results of operations.

In February 2015, the FASB issued an accounting standard update on consolidation. Under the amendments in this update, the evaluation of whether an entity must be consolidated has been modified. This update will become effective for annual and interim periods beginning after December 15, 2016. Upon adoption, the Company does not expect this standard to have a material impact on its financial condition or results of operations.

In April 2015, the FASB issued an accounting standard update to simplify the presentation of debt issuance costs. Under the amendments in this update, debt issuance costs shall be reported in the balance sheet as a direct deduction from long-term debt. This update will become effective for annual periods beginning after December 15, 2015, and interim periods within annual periods beginning after December 15, 2016. Upon adoption, the Company does not expect this standard to have a material impact on its financial condition or results of operations.

In July 2015, the FASB issued an accounting standard update to simplify the measurement of inventory. Under the amendments in this update, inventory is required to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predicable costs of completion, disposal and transportation. This update will become effective for annual periods beginning after December 15, 2016 and interim periods within annual periods beginning after December 15, 2017. Early adoption is permitted. Upon adoption, we do not expect this standard to have a material impact on its financial condition or results of

In August 2015, the FASB issued an accounting standard update to clarify the presentation and subsequent measurement of debt issuance costs associated with lines of credit. This update will become effective for annual periods beginning after December 15, 2015 and interim periods within annual periods beginning after December 15, 2016. Upon adoption, the Company does not expect this standard to have a material impact on its financial condition or results of operations.

In September 2015, the FASB issued an accounting standard update to simplify the accounting for measurement period adjustments. Under the amendments in this update, provisional amounts identified during the measurement period will be calculated as if they were known at the acquisition date but recognized in the reporting period in which they occur. The portion of the amount that is recorded in earnings in the current period that would have been recorded in previous reporting periods must be disclosed on the statement of operations or in a footnote. This update will become effective for annual periods beginning after December 15, 2016 and interim periods within annual periods beginning after December 15, 2017. Upon adoption, the Company does not expect this standard to have a material impact on its financial condition or results of operations.

In November 2015, the FASB issued an accounting standard update to simplify the accounting for deferred income taxes. Under the amendments in this update, deferred tax liabilities and assets must be classified as non-current in the balance sheet. This update will become effective for annual period beginning after December 15, 2017 and interim periods within annual periods beginning after December 15, 2018. The Company elected to early adopt this standard for the period ended December 31, 2015 on a prospective basis and the prior periods were not retrospectively adjusted.

CG Power USA Inc.
Notes to financial statements
March 31, 2016

3. Inventories

	March 31, 2016 $	March 31, 2015 $
Raw materials	12,184,583	11,815,824
Work-in-process	8,512,590	7,861,191
Finished goods	2,973,584	1,792,353
	23,670,757	**21,469,368**
Less: provision for obsolescence	(3,417,259)	(2,331,695)
	20,253,498	**19,137,673**

4. Plant, property and equipment

	March 31, 2016 $	March 31, 2015 $
Land	1,342,048	1,342,048
Buildings and improvements	19,187,010	19,187,010
Machinery and equipment	28,001,291	26,907,273
Office equipment	-	-
Furniture and fixtures	991,579	986,378
Vehicles	299,720	395,412
Tooling	644,572	644,572
Computer equipment	1,116,023	1,083,927
Construction-in-process	179,632	94,145
Total Plant, property and equipment, at cost	**51,761,875**	**50,640,765**
Less: accumulated depreciation	(25,602,475)	(23,372,590)
Total Plant, property and equipment, net	**26,159,400**	**27,268,175**
Depreciation expense included in cost of sales	2,234,841	2,201,491
Depreciation expense included in selling, general and administrative expenses	101,474	131,622
Aggregate depreciation expense	**2,336,315**	**2,333,113**

CG Power USA Inc.
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5. Intangible and other assets

The carrying amounts of intangible assets at March 31, 2016 and 2015 are as follows:

	Estimated useful life	Gross carrying value as at March 31, 2015	Current year additions	Gross carrying value as at March 31, 2016	Accumulated amortization as at March 31, 2015	Current year amortization	Accumulated Amortization as at March 31, 2016	Carrying Value as at March 31, 2016	Carrying Value as at March 31, 2015
Capitalized software	5 years	525,000	47,648	572,648	17,500	111,353	128,853	443,795	507,500

Amortization expense incurred during March 31, 2016 and March 31, 2015 totaled $111,353 and $17,500, respectively and is included in cost of sales.

Expected amortization expense for the next 5 years is as follows:

2017	114,530
2018	114,530
2019	114,530
2020	97,030
2021	3,177
	443,795

As at March 31, 2016, management has evaluated the estimated useful lives and assessed impairment indicators of the intangible and other assets and did not identify indicators leading to impairment or change in their estimated useful lives.

6. Other liabilities

	March 31, 2016 $	March 31, 2015 $
Customer advances	10,729,546	4,732,429
Provision for warranties [refer to Note 6.1]	418,949	343,817
Other current liabilities	464,221	-
	11,612,716	**5,076,246**

6.1. Provision for warranties

The Company generally provides warranty on its products against defects for a period of one year. A provision for estimated future costs and estimated returns for credit relating to warranties are accrued when products are shipped and revenue is recognized.

General product warranty	March 31, 2016 $	March 31, 2015 $
Balance, beginning of year	343,817	538,072
Accruals for warranties issued during the year	584,403	795,177
Settlements made / reversal of excess accruals during the year	(509,270)	(989,432)
Balance, end of the year	**418,949**	**343,817**

Extended warranty options ranging from two to four years are also available for purchase. These amounts are recorded as deferred revenue and recognized on a straight-line basis over the term of the warranty.

Extended warranty	March 31, 2016 $	March 31, 2015 $
Deferred revenue, beginning of year	3,868,013	3,107,795
Additions for extended warranties issued during the year	1,154,396	1,678,017
Amortization of deferred revenue for the year	(1,493,195)	(917,799)
Deferred revenue, end of year	**3,529,214**	**3,868,013**
Less: current portion	(1,120,379)	(1,454,418)
Long term portion of deferred revenue	**2,408,835**	**2,413,595**

7. Borrowings

	Non-Current		Current	
	March 31, 2016 $	March 31, 2015 $	March 31, 2016 $	March 31, 2015 $
Debt outstanding [refer to note 7.1]	-	12,630,492	16,458,338	2,056,883
	-	**12,630,492**	**16,458,338**	**2,056,883**

CG Power USA Inc.
Notes to financial statements

7.1. Debt Outstanding

Debt outstanding consists of the following:

	March 31, 2016 $	March 31, 2015 $
BUILD Missouri revenue bonds, Series 2010 with interest payable semi-annually at a fixed rate 5.00% on June 1 and December 1, respectively, principal payments ranging from $24,500 to $47,700 through maturity on December 1, 2024.	702,900	764,900
Industrial development revenue bonds, Series 1995 with interest payable monthly at a weekly adjusted LIBOR rate [0.37% and 0.29% at March 31, 2016 and March 31, 2015 respectively], and annual principal payments ranging from $200,000 to $300,000 through maturity on June 1, 2015. These bonds have been fully repaid during the year.	-	300,000
Industrial development revenue bonds, Series 1999 with interest payable monthly at the weekly adjusted LIBOR rate [0.59% and 0.40% at March 31, 2016 and March 31, 2015 respectively], and annual principal payments ranging from $85,000 to $210,000 through maturity on December 31, 2019. However, these bonds have been fully repaid during the year.	-	1,245,000
Industrial development revenue bonds, Series 2008 with interest payable monthly at the weekly adjusted LIBOR rate [0.29% and 0.16% at March 31, 2016 and March 31, 2015 respectively], and annual principal payments ranging from $131,000 to $394,000 through maturity on December 1, 2028. However, these bonds have been fully repaid during the year.	-	6,585,000
Wells Fargo equipment loan payable with monthly installments of $122,541 with an annual interest rate of 4.35% though maturity on June 15, 2019.	4,449,157	5,696,528
Wells Fargo equipment lease payable with monthly installment of $2,174 with a term of 48 months, expiring in January 2019.	71,301	95,947
Axis Bank working capital facility up to $12,500,000 to meet the long term working capital requirement of the Company. Interest only is paid quarterly at a rate of 3 month LIBOR plus 2.15% [2.78% at March 31, 2015]. Principal is due 24 months from the date of disbursement. Current balance is due in October 2017.	11,234,980	-
Total debt	**16,458,338**	**14,687,375**
Less: current portion of maturities	(16,458,338)	(2,056,883)
Debt, net of current maturities	**-**	**12,630,492**

Borrowings have a maturity period of more than one year from the balance sheet date, however, since it is the management's intention to repay the debt before March 31, 2017, the entire debt is classified as a current liability as of March 31, 2016.

While it is management`s intention to repay its outstanding long-term debts before March 31, 2017, maturities of debt based on scheduled repayment terms are as follows:

	March 31, 2016
	$
2017	1,391,539
2018	12,688,392
2019	1,516,032
2020	440,475
2021	79,400
Thereafter	342,500
	16,458,338

At March 31, 2016 the Company was in violation of a loan covenant under one of its debt agreements and has obtained a waiver. However, due to management's decision to repay all its debts prior to March 31, 2017 the Company has classified all debt as current. At March 31, 2015, the Company was in violation of a loan covenant under one of its debt agreements. The lender, in its communication dated May 5, 2015, agreed to waive the covenant requirement for the year ending March 31, 2015 subject to certain conditions which the company met.

With the exception of the BUILD Missouri revenue bonds and Axis Bank loan, all bonds are secured by all of the Company's plant, property and equipment of the Company not otherwise encumbered. Axis Bank loan is secured by a corporate guarantee of CG Holdings Belgium NV [holding company of the Company's holding company] and Crompton Greaves Limited ["Ultimate Parent Company" of the Company].

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8. Provision for income taxes

The components of the provision for income taxes from continuing operations are summarized as follows:

	March 31, 2016 $	March 31, 2015 $
Current		
Federal	853,445	80,079
State	545,650	146,520
	1,399,094	**226,599**
Deferred		
Federal	5,258,503	1,379,493
State	963,976	278,535
	6,222,479	**1,658,028**
Total provision for income taxes	**7,621,573**	**1,884,627**

For 2016, the Company's effective income tax rate is higher than the statutory federal income tax rate principally due to the effect of increasing state taxes as well as providing for a full valuation allowance.

The tax years ending March 31, 2013 onwards are open to audit by the Internal Revenue Service. The Company is open to various state taxing jurisdictions ranging from 3 to 5 years depending on the state.

The components of the Company's deferred tax assets and liabilities as at March 31st are as follows:

	March 31, 2016 $	March 31, 2015 $
Deferred tax assets		
UNICAP	237,872	245,803
Reserve for inventory obsolescence	878,184	596,295
Warranty reserve	1,466,837	1,601,396
Compensated absences	583,966	643,937
Accrued expenses	250,509	281,358
Net operating loss carryforward	263,965	4,950,029
ATM tax credit carryforwards	-	194,970
Research and development credit carryforward	12,130	12,130
Capitalized expenses	201,311	234,979
Other	324,285	249,531
Total deferred tax assets before valuation allowance	**4,219,059**	**9,010,428**
Valuation allowance	**(1,442,702)**	**-**
Deferred tax liabilities		
Deferred tax liabilities - plant, property and equipment	(2,776,357)	(2,787,949)
Total deferred tax liabilities	**(2,776,357)**	**(2,787,949)**
Net deferred tax asset	**-**	**6,222,479**

The amounts recorded as deferred tax assets as of March 31, 2016 represent the tax benefits of existing deductible temporary differences as well as net operating losses. Realization of deferred tax assets is dependent upon the generation of sufficient taxable income prior to expiration of any loss carryforwards. Management reviews the recoverability of deferred tax assets during each reporting period. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible.

For the year ended March 31, 2016, the Company has decided to sell certain divisions as outlined in Note 15. Therefore, these entities are being considered discontinued for financial reporting purposes. Management has determined that a full valuation allowance on remaining deferred tax assets will be recorded, as these assets cannot be reasonably assured for future use. At March 31, 2016, the Company had federal net operating loss carryforwards of approximately $700,000, which will start to expire on March 31, 2032 and a capital loss carry forward of $3,438,184 ($ tax effect $1,337,000) which will expire on March 31, 2017. The Company also has $502,852 of alternative minimum tax credits, which are carried forward indefinitely and $12,130 of research and development credits which are carried forward for 20 years.

A reconciliation of the Company's unrecognized tax benefits is as follows:

	Year Ended March 31,	
	2016	**2015**
Unrecognized tax benefits at beginning of year	150,000	150,000
Increases as a result of tax positions taken during a prior year	-	-
Increases as a result of tax positions taken during the current year	-	-
Decreases due to lapse of the applicable statute of limitations	-	-
Decreases due to settlements with taxing authorities	-	-
Unrecognized tax benefits at end of year	$ 150,000	$ 150,000

It is expected that the amount of unrecognized tax benefits will not change within the next 12 months aside from additional penalties or interest. The Company's policy is to record interest and penalties as part of the tax provision. As of March 31, 2016 and 2015 the interest and penalties amounted to $0.

9. Related party transactions

In the normal course of business, the Company engages in a number of transactions with its affiliates at negotiated prices. Affiliates include the Parent Company and its parent, CG Holdings Belgium NV and fellow subsidiaries. All material related party transactions are disclosed below.

Sales to affiliated companies totaled approximately $606,306 and $539,407 during the years ended March 31, 2016 and March 31, 2015 respectively.

The Company has not purchased any goods or services from affiliated companies during the years ended March 31, 2016 and March 31, 2015 respectively.

The affiliates provide various management, general and administrative services for the Company. During the years ended March 31, 2016 and March 31 2015, the Company has recorded charges from the affiliates of $2,195,217 and $3,138,831, respectively, to cover these expenses.

The Company has, during the year recorded a recovery amounting to $14,868,979 for amounts that were due to affiliated companies since these were forgiven. Also during the year the Company has written off $1,381,711 of amounts due from affiliates. The net amount of $13,487,268 is recorded in the consolidated statements of operations. There were no recoveries or write-offs in the prior year.

The Company has $457,069 and $4,515,764 due from the affiliates at March 31, 2016 and March 31, 2015 respectively, for expenses incurred on behalf of the affiliates and receivable under normal trade terms or within one year.

Additionally, the Company has $5,824,748 and $6,353,215 due to affiliates at March 31, 2016 and March 31, 2015 respectively, for expenses incurred by the affiliates. These items are also payable under normal trade terms or within one year.

The Company has $0 and $7,319,731 receivable as at March 31, 2016 and March 31, 2015 respectively, related to loans given to the affiliates.

The Company has $6,546,994 and $9,532,023 payable as at March 31, 2016 and March 31, 2015 respectively, related to loans received from the affiliates, which bear interest at the 1 month LIBOR rate plus 175 basis points and has no fixed terms of repayment and therefore is classified as current.

The following represents a summary of the outstanding balances of the Parent and affiliates as of March 31, 2016 and March 31, 2015:

	March 31, 2016 $	March 31, 2015 $
Due from affiliates	457,069	4,515,764
Loans to affiliates	-	7,319,731
	457,069	**11,835,495**
Due to affiliates	5,824,748	6,353,215
Loans from affiliates	6,546,994	9,532,023
	12,371,742	**15,885,238**

CG Power USA Inc.
Notes to financial statements
10. Other current assets

	March 31, 2016	March 31, 2015
	$	$
Prepaid expense and other current assets	579,937	622,335
Insurance receivable	1,572,340	-
	2,152,277	**622,335**

Insurance receivable consists of amounts owing from the Company's insurer towards claims raised by the Company for business interruption of $1,000,000 relating to an inoperative test bay during three months of the year and for loss of goods of $572,340 relating to a unit damaged while in transit.

11. Fair value of financial instruments
The Company has established a process for determining fair value of its financial assets and liabilities using available market information or other appropriate valuation methodologies. Fair value is based upon quoted market prices, where available. If such valuation methods are not available, fair value is based on internally or externally developed models using market-based or independently-sourced market parameters, where available. Fair value may be subsequently adjusted to ensure that those assets and liabilities are recorded at fair value. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value estimate as of the Company's reporting date.

Fair value guidance establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

• Level 1 - Inputs to the valuation methodology are quoted prices [unadjusted] for identical assets or liabilities in active markets.

• Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

• Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table presents assets and liabilities measured at fair value on a recurring basis at March 31, 2016:

	Fair value as at March 31, 2016			
	Level 1	Level 2	Level 3	**Total**
	$	$	$	**$**
Other liabilities				
Loss on open forward contracts	-	464,221	-	**464,221**

The following table presents assets and liabilities measured at fair value on a recurring basis at March 31, 2015:

	Fair value as at March 31, 2015			
	Level 1	Level 2	Level 3	**Total**
	$	$	$	**$**
Other liabilities				
(Gain) on open forward contracts	-	(40,372)	-	**(40,372)**

Other financial assets and liabilities which include cash, accounts receivable, and accounts payable are stated at carrying value which approximate the fair value.

12. Retirement plan

The Company has a retirement plan pursuant to Section 401(K) of the Internal Revenue Code, whereby eligible participants, as defined by the plan, may contribute by deferring a percentage of their compensation, but not in excess of the maximum allowed under the code. The plan provides for a matching contribution by the Company.

The Company matched contributions of $240,416 and $206,478 to the life savings plan for the year ended March 31, 2016 and March 31, 2015 respectively.

The Company elected to discontinue its participation in the AFL-CIO multi-employer defined contribution pension plan in September 2008 and recognized a withdrawal liability of approximately $1,200,000. Required quarterly payments of $41,750 began in January 2009 and will continue through 2018, at which time the Company's obligations will be met.

As of September 2008, as a part of the Company's collective bargaining agreement with their production, maintenance and delivery employees, who are represented by the International Union of Communication Workers of America, AFL-CIO union employees became eligible to participate in the IUE-CWE 401(k) retirement plan, to which the Company contributes $0.36 per employee service hour. Beginning September 20, 2009, employees may contribute up to 25% of their pre-tax earnings to the retirement plan subject to certain Internal Revenue Service regulations. The Company will match $0.01 for every $0.01 per hour of employee contribution up to a maximum of $0.14 per compensated hour. The Company contributed $327,317 and $358,350 to the 401(k) retirement plan for the years ended March 31, 2016 and March 31, 2015 respectively. The current collective bargaining agreement expires on September 23, 2016 and the Company feels that the risks of participating in this plan differ from single-employer plans.

13. Commitments and contingencies

As at March 31, 2016, commitments of $15,899,749 [March 31, 2015, $15,181,375] for raw material purchases and services existed. Also as at March 31, 2016, the Company has made deposits on purchase orders for capital asset additions totaling $Nil [March 31, 2015, $94,145], which are recorded in construction-in-progress. As at March 31, 2016 and 2015 there no outstanding commitments on these purchase orders.

The Company has entered into operating leases for office space, vehicles and various equipment with varying terms. In addition to the base rent for office space, the Company is required to pay additional rent for the pro-rata share of any increase in the cost of maintaining and operating the building and increases in property taxes. Future minimum lease payments under lease agreements with non-cancelable terms in excess of one year at March 31, 2016 and 2015 are as follows:

	March 31, 2016	**March 31, 2015**
	$	$
2017	-	240,713
2018	224,238	150,505
2019	104,539	90,818
2020	55,567	63,902
2021	23,341	59,825
2022	7,150	-
	414,835	**605,763**

Total lease expense under all leases was $518,162 and $355,950 for the years ended March 31, 2016 and 2015 respectively. Rental expense is recorded on a straight-line basis in accordance with the guidance for accounting for leases.

As at March 31, 2016, the Company had provided standby letters of credit totaling $360,000 ($8,554,663 as at March 31, 2015), which expire on May 1, 2016 in connection with the balances outstanding for the industrial development revenue bonds as well as certain insurance policies.

In the ordinary course of business there are various legal proceedings pending against the Company. The Company evaluates the likelihood of an unfavorable outcome for each claim, and records provisions for specific claims where it has been determined that a loss is probable and estimable, the Company does not expect the outcome of these matters, either individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

14. Concentration of credit risk

The Company sells its products and services to a wide range of companies in the electrical power generating, utility distribution networks and electrified transit systems. The Company maintains reserves for potential credit losses and, historically, such losses have been within management's expectations. For the year ended March 31, 2016, the Company had sales to its two largest customers of $30,097,250 [March 31, 2015, $29,330,340] which make up 25% [March 31, 2015, 20%] of gross sales. The amount receivable from these two customers as at March 31, 2016 is $2,448,280 [March 31, 2015, $6,358,064] which accounts for 16% of accounts receivable as at March 31, 2016 [March 31, 2015, 28%]. The Company regularly assesses the credit worthiness of these customers and has not experienced any credit issues with them.

Considering the business activity and industry in which the Company operates, management believes there are no significant concentration of risks involved.

15. Discontinued operations

On January 1, 2016, the Company transferred its automation business division to QEI LLC, a newly formed wholly-owned subsidiary, for nil consideration. The net assets transferred to QEI LLC are being accounted as an investment by the Company, in its non-consolidated financial statements.

Crompton Greaves Limited, Ultimate Parent Company of the Group has accepted a final binding offer from First Reserve to sell its power and distribution transformer businesses outside of India, including the Company's power systems business. For closure of this transaction, the Company's businesses that do not form part of the above transaction with First Reserve are in the process of being carved out into separate legal entities. On March 31, 2016, the Company has identified and considered its power solution and trading businesses as discontinued operations following the decision of its Ultimate Parent Company to carve out these businesses into another group company, leaving only power systems business with the Company. Also the Ultimate Parent Company has initiated an active process to identify buyers for its automation and power solution businesses and a restructuring process to carve out its trading activities into another group company. The Ultimate Parent Company expects to conclude the sale process and restructuring activity within the next 12 months.

The results of operations and cash flows related to automation, power solution and trading businesses were classified as discontinued operations in the consolidated statements of operations and cash flows as follows:

Statement of loss on discontinued operations:

	March 31, 2016 $	March 31, 2015 $
Revenue	51,040,130	31,246,437
Cost of sales	(46,950,344)	(23,729,455)
Selling, general and administrative expenses	(11,640,526)	(11,296,112)
Loss from operations before the following	**(7,550,740)**	**(3,779,130)**
Intercompany loan recovery	9,775,649	-
Impairment of goodwill	(6,163,000)	-
Other income (expenses), net	96,102	(175,976)
Net realized gain (loss) on foreign currency	146,586	(1,568,245)
Interest income	78,342	132,998
Interest expense	(229,689)	(1,074,497)
	3,703,990	**(2,685,720)**
Loss on discontinued operations before taxes	**(3,846,750)**	**(6,464,850)**
Income tax benefit (expense)	**(2,158,344)**	**2,932,669**
Loss on discontinued operations	**(6,005,094)**	**(3,532,181)**

	March 31, 2016 $	March 31, 2015 $
Carrying amounts of major classes of assets included as part of discontinued operations		
Cash	2,567,433	7,740,140
Accounts receivable, less allowance for doubtful accounts	10,900,433	7,422,677
Inventories	1,465,373	1,774,882
Excess of costs and estimated earnings over billings on uncompleted contracts	2,469,111	1,644,660
Due from / loans to affiliates	6,237,015	11,902,556
Plant, property and equipment, net	528,100	520,494
Intangible assets and goodwill	21,490,024	28,813,936
Deferred tax assets	-	2,504,772
Other assets	779,018	858,017
Total assets of the disposal group classified as held for sale in the balance sheet	**46,436,507**	**63,182,134**
Carrying amounts of major classes of liabilities included as part of discontinued operations		
Accounts payable and accrued liabilities	8,565,270	6,653,681
Deferred revenue	958,040	1,192,106
Borrowings	-	34,820,000
Excess of billings over costs and estimated earnings on uncompleted contracts	5,207,711	2,835,330
Due to / loans from affiliates	7,387,687	18,436,331
Other liabilities	3,720,280	1,955,740
Total liabilities of the disposal group classified as held for sale in balance sheet	**25,838,988**	**65,893,188**

As the divisions representing the discontinued operations were carved out at book values effective March 31, 2016 and management identified no indicators of impairment beyond those disclosed elsewhere, there was no loss recognized upon recognition of these divisions as discontinued operations.

Statement of cash flows

	March 31, 2016 $	March 31, 2015 $
Cash flows related to operating activities	555,883	(17,602,185)
Cash flows related to investing activities	(729,541)	2,107,967
Cash flows related to financing activities	(4,999,049)	13,724,467
Cash flows used in discontinued operations	**(5,172,707)**	**(1,769,751)**

16. Subsequent events

Subsequent events have been evaluated through May 16, 2016 which is the date on which the consolidated financial statements were approved for issuance.