CG HOLDINGS AMERICAS, LLC

CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended March 31, 2018
(With Independent Auditors' Report)

CG HOLDINGS AMERICAS, LLC

TABLE OF CONTENTS

For the Year Ended March 31, 2018

Spielman Koenigsberg
& Parker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Member
CG Holdings Americas, LLC

We have audited the accompanying financial statements of CG Holdings Americas, LLC (a partnership), which comprise the consolidated balance sheet as of March 31, 2018, and the related consolidated statements of operations and member's equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

1675 Broadway, 20th Floor, New York, NY 10019 | T: 212. 453. 2500 | F: 212. 453. 2550 | SKPNY.COM

Spielman Koenigsberg & Parker, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 financial position of CG Holdings Americas, LLC as of March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Spielman Koenigsberg & Parker LLP

New York, New York
May 29, 2018

CG Holdings Americas, LLC
Consolidated balance sheet as of March 31, 2018

	Notes	$
ASSETS		
Current		
Cash		1,288,616
Accounts receivable, less allowance for doubtful accounts	3	3,658,106
Inventories	4	1,082,985
Excess of costs and estimated earnings over billings on uncompleted contracts	14	1,265,898
Due from / loans to affiliates	10	14,770,524
Other current assets		357,826
Total current assets		**22,423,955**
Plant, property and equipment, net	6	205,170
Goodwill	7	8,353,622
Intangible and other assets	7	7,139,231
Other assets		26,432
		38,148,410
LIABILITIES AND MEMBER'S EQUITY		
Current		
Accounts payable and accrued liabilities		1,793,966
Deferred revenue	8.1	664,262
Excess of billings over costs and estimated earnings on uncompleted contracts	14	6,024,814
Due to / loans from affiliates	10	30,273,909
Income taxes payable	9	3,050
Other liabilities	5	1,005,350
Total current liabilities		**39,765,351**
Borrowings		61,604
Deferred tax liabilities	9	1,294,229
Total liabilities		**41,121,184**
Member's equity		**(2,972,774)**
		38,148,410

See accompanying notes

CG Holdings Americas, LLC
Consolidated statement of operations and member's equity
for the year ended March 31, 2018

	$
Net sales	-
Cost of sales	-
Gross profit	**-**
Selling, general and administrative expenses	(1,455,946)
Loss from operations	**(1,455,946)**
Other expenses	
Interest expense	(225,640)
Loss from subsidiary operations	(1,100,681)
Other expense, net	(447,591)
	(1,773,912)
Loss from continuing operations before tax	**(3,229,858)**
Recovery of taxes	**1,198,559**
Loss from continuing operations	**(2,031,299)**
Net loss for the year	(2,031,299)
Member's equity, April 1	12,977,897
Non-cash adjustment to member' equity	(13,919,372)
Member's equity, March 31	**(2,972,774)**

See accompanying notes

CG Holdings Americas, LLC
Consolidated statement of cash flows for the year ended March 31, 2018

	$
Cash Flow from Operating Activities	
Net loss for the year from continuing operations	**(2,031,299)**
Adjustment for:	
Depreciation of plant, property and equipment	69,041
Amortization of intangible assets	1,367,014
Change in warranty provision	(691,493)
Change in provision for inventory	(3,910,873)
Bad debts written off / provision for bad debts	(993,384)
Deferred tax	1,201,609
Changes in non-cash working capital	
Accounts receivable	17,045,360
Inventories	18,029,016
Due from affiliates	14,686,418
Due to affiliates	9,306,056
Accounts payable and other accrued liabilities	(14,940,810)
Other assets	1,899,346
Other liabilities	(35,553,949)
Net Cash generated from operating activities	**5,482,052**
Cash Flow from Investing Activities:	
Proceeds from disposal of plant, property and equipment	24,056,663
Purchase of intangible assets	(2,791,346)
Proceeds from redemption of bonds	569,300
Decrease in restricted cash	148,217
Non-cash adjustment to member's equity	(13,919,372)
Net Cash generated from Financing Activities	**8,063,462**
Cash Flow from Financing Activities:	
Loan repaid to banks and other financial institutions	(15,018,960)
Net Cash used in Financing Activities	**(15,018,960)**
Net decrease in cash	(1,473,446)
Cash at the beginning of the year	2,762,062
Cash at the end of the year	**1,288,616**

SUPPLEMENTAL CASH FLOW INFORMATION:

Interest paid	379,372

See accompanying notes

1. Nature of business

CG Holdings Americas LLC [the "Company"] is a wholly owned subsidiary of CG International BV [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 consolidated financial statements, are prepared in accordance with accounting principles generally accepted in the United States [“US GAAP”] and includes the consolidation of the Company’s wholly owned subsidiaries; CG Power Americas LLC, CG Solutions Americas LLC and QEI LLC. 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 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, 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. The revenue is accounted net of taxes.

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.

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 sheet represents bank balances and cash on hand, which is available on demand to the Company.

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 statement 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 and 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.

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.

Warranties

The Company generally warrants its products against defects for a period of one year. Provisions 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.

Property, plant and equipment

Plant, property and equipment are stated at cost, net of accumulated depreciation. Expenditures for maintenance and repairs that 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:

Buildings 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.

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, 2018.

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.

Goodwill and intangible assets (continued)

The fair value of the reporting unit, meaning the business enterprise value of the automation division, has been determined using the Market Multiple Approach. On existence of the indicators of impairment, the amount of the impairment loss is measured by comparing the implied fair value of business to its carrying value. The fair value of goodwill is determined in the same manner that goodwill is calculated in a business combination assuming the fair value of unit is the purchase price.

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. Post restructuring of U.S. entities and upon divestment of the power business, a deferred tax asset of $662,464 was recognized under the business combination. As of March 31, 2018, management has taken a full valuation allowance on remaining deferred tax assets due to 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.

Income taxes (continued)

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.

3. Accounts receivable, less allowance for doubtful accounts

	$
Accounts receivable	3,830,983
Less: allowance for doubtful accounts	(172,877)
	3,658,106

4. Inventories

	$
Raw materials	979,492
Work-in-process	120,156
Finished goods	130,624
	1,230,272
Less: provision for inventory obsolescence	(147,287)
	1,082,985

5. Other liabilities

	$
Customer advances	1,005,350
	1,005,350

6. Plant, property and equipment, net

The carrying amounts of tangibles assets at March 31, 2018 are as follows:

Particulars	Gross carrying value at March 31, 2017	Current year additions / (deletions), net	Gross carrying value at March 31, 2018	Accumulated depreciation at March 31, 2017	Current year depreciation	Disposal	Accumulated depreciation at March 31, 2018	Carrying Value at March 31, 2018
	$	$	$	$	$	$	$	$
Buildings and improvements	4,259	23,682	27,941	2,122	366		2,488	25,453
Machinery and equipment	1,195,173	16,666	1,211,839	1,193,396	4,122		1,197,518	14,321
Furniture and fixtures	340,941	97,195	438,136	234,293	38,447		272,740	165,396
Vehicles	7,500		7,500	7,500			7,500	-
Tooling	14,368		14,368	14,368			14,368	-
Leased building and equipment	1,015,202		1,015,202	989,096	26,106		1,015,202	-
	2,577,443	**137,543**	**2,714,986**	**2,440,775**	**69,041**	**-**	**2,509,816**	**205,170**

Depreciation expense incurred during the year ended March 31, 2018 totaled $69,041.

Depreciation expense included in cost of sales at year end totaled $1,723.

7. Intangible and other assets

The carrying amounts of intangible assets at March 31, 2018 are as follows:

Particulars	Estimated useful life	Gross carrying value at March 31, 2017	Current year additions / (deletions), net	Gross carrying value at March 31, 2018	Accumulated amortization / impairment at March 31, 2017	Current year amortization / impairment	Disposals	Accumulated Amortization at March 31, 2018	Carrying Value at March 31, 2018
		$	$	$	$	$	$	$	$
Customer relationships	15 years	10,671,000		10,671,000	4,216,082	700,000		4,916,082	5,754,918
Technology	7 years	2,995,700		2,995,700	2,681,648	257,143		2,938,791	56,909
Tradename	3 years	191,000		191,000	191,000			191,000	-
Non-compete agreements	3 years	20,000		20,000	20,000			20,000	-
Capitalized software	5 years	2,510,924	808,885	3,319,809	1,813,219	409,871		2,223,090	1,096,719
Product development in progress		636,030	(405,345)	230,685				-	230,685
Total Intangibles Assets		**17,024,654**	**403,540**	**17,428,194**	**8,921,949**	**1,367,014**	**-**	**10,288,963**	**7,139,231**
Goodwill		17,840,084	2,495,838	20,335,922	11,982,300			11,982,300	8,353,622
Total		**34,864,738**	**2,899,378**	**37,764,116**	**20,904,249**	**1,367,014**	**-**	**22,271,263**	**15,492,853**

Amortization expense incurred during the year ended March 31, 2018 totaled $1,367,014. Amortization expense was not included in cost of sales at year end.

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

	$
2018	1,224,058
2019	959,768
2020	950,128
2021	921,208
2022	880,764
	4,935,926

At March 31, 2018, 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.

8.1 Deferred revenue	**Non-Current**	**Current**
	$	**$**
Relating maintenance contract	-	664,262
Deferred revenue, end of year	-	664,262

8.2 Provision for warranties

The Company generally provides warranty on its products against defects for a period of one year. Provisions 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	**$**
Balance, beginning of year	8,670
Accruals for warranties issues during the year	82,727
Settlements made / reversal of excess accruals during the year	(83,450)
Balance, end of year	7,947

8.3 Customer advances

As of March 31, 2018 the Company has outstanding advances from its customers aggregating to $1,005,350. The Company does not expect any liquidating damages on these orders since it believes it would be able to fulfill each order as agreed.

9. Provision for income taxes

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

	$
Current	
Federal	-
State	3,050
	3,050
Deferred	
Federal	1,200,880
State	93,349
	1,294,229
Total provision for income taxes	**1,297,279**

9. Provision for income taxes (continued)

The tax years ending March 31, 2015 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 at March 31st are as follows:

	$
Deferred tax assets	
Allowance for doubtful accounts	38,498
UNICAP	27,999
Reserve for inventory obsolescence	32,799
Compensated absences	41,435
Accrued expenses	42,020
Net operating loss carry forward	158,303
Goodwill	121,547
PP&E	199,863
Total deferred tax assets before valuation allowance	**662,464**
Valuation allowance	**(662,464)**
Deferred tax liabilities	
Deferred tax liabilities - intangibles	(1,294,229)
Total deferred tax liabilities	**(1,294,229)**
Net deferred tax liability	**(1,294,229)**

The amounts recorded as deferred tax assets as of March 31, 2018 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.

10. 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 International BV and fellow subsidiaries. All material related party transactions are disclosed below.

Purchases from affiliated companies totaled approximately $1,544,981 for the year ended March 31, 2018.

During the year ended March 31, 2018, the Company has recorded income from the affiliates of $323,698 as interest charged by the Company on loans advanced to its affiliates bearing interest at the 1 month LIBOR rate plus 100 basis points.

The Company has $5,573,717 due from the affiliates at March 31, 2018, for expenses incurred on behalf of the affiliates and receivable under normal trade terms or within one year.

Additionally, the Company has $3,040,792 due to affiliates at March 31, 2018 for expenses incurred by the affiliates. These items are also payable under normal trade terms or within one year.

The Company has $9,196,807 receivable at March 31, 2018 related to loans given to the affiliates.

The Company has $27,233,117 payable at March 31, 2018 related to loans received from the affiliates, out of which loans worth $2,491,330 bearing interest at the 1 month LIBOR rate plus 100 basis points and the balance loans worth of $24,741,787 bearing interest at the 1 month LIBOR rate plus 279 basis points. The said loans have no fixed terms of repayment and therefore are classified as current on the consolidated balance sheet.

The following represents a summary of the outstanding balances of the Parent and affiliates as of March 31, 2018:

	$
Due from affiliates	5,573,717
Loans to affiliates	9,196,807
	14,770,524
Due to affiliates	3,040,792
Loans from affiliates	27,233,117
	30,273,909

10. Related party transactions (continued)

	Due from affiliates $	Due to affiliates $
Short Term:		
CG Power Systems Canada Inc.	3,117,148	
CG Power and Industrial Solutions Ltd.	1,148,792	1,845,363
CG Power Systems Belgium NV	508,059	
Other	157,124	253,880
CG Drives & Automation Sweden AB	16,862	
CG International BV		357,057
CG Power Systems Belgium NV		322,494
CG Holdings Belgium NV		110,916
CG Power Solutions USA Inc.		100,000
CG Power Systems Ireland Ltd.	625,732	27,925
CG Power System USA Inc.		23,157
	5,573,717	3,040,792

	Loans to affiliates $	Loans from affiliates $
CG International BV	9,196,807	2,491,330
CG Holdings Belgium NV		16,822,687
CG Power Systems Belgium NV		7,919,100
	9,196,807	27,233,117

11. 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 $24,131 to the 401(K) plan for the year ended March 31, 2018.

12. Commitments and contingencies

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, 2018 are as follows:

Total lease expense under all leases was $269,964 for the year then ended. Rental expense is recorded on a straight-line basis in accordance with the guidance for accounting for leases.

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 the aggregate, to have a material adverse effect on the Company’s consolidated financial position as of March 31, 2018.

At March 31, 2018 the Company had net current liabilities of $17,341,396 and net liabilities of $2,972,774. The Company has received confirmation from its parent company of continued support. As a result the Company will remain adequately financed and will continue to monitor cash flow to ensure there are adequate funds to meet payment obligations to employees and suppliers.

13. Concentrations 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, 2018, the Company had sales to its eight largest customers of $3,944,332 which make up 32.45% of gross sales. The amount receivable from these eight customers at March 31, 2018 is $804,632 which accounts for 23.92% of accounts receivable at year end. The Company regularly assesses the creditworthiness 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 concentrations of risks involved.

14. Costs, estimated earnings and billings on uncompleted contracts

At March 31, 2018 costs, estimated earnings and billings on uncompleted contracts consisted of the following:

	$
Costs incurred to date on uncompleted contracts	5,377,261
Estimated earnings	4,237,081
	9,614,342
Less: billings to date	(14,373,258)
	(4,758,916)

The balance is included in the accompanying consolidated balance sheet under the following captions

	$
Excess of costs and estimated earnings over billings on uncompleted contracts	1,265,898
Excess of billings over costs and estimated earnings on uncompleted contracts	(6,024,814)
	(4,758,916)

15. Subsequent events

Subsequent events have been evaluated through May 29, 2018 which is the date on which the consolidated financial statements were approved for issuance.