UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

Current Report
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): December 7, 2018

EnerSys
(Exact name of registrant as specified in its charter)

Commission File Number: 1-32253

Delaware	**23-3058564**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**

2366 Bernville Road, Reading, Pennsylvania 19605
(Address of principal executive offices, including zip code)
(610) 208-1991
(Registrant's telephone number, including area code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

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

Explanatory Note

On December 10, 2018, EnerSys ("EnerSys" or the "Company"), filed a Current Report on Form 8-K (the "Initial Form 8-K") to report that on December 7, 2018, the Company completed the acquisition of all of the issued and outstanding common stock of Alpha Technologies Services, Inc. ("ATS ") and Alpha Technologies Ltd. ("ATL"), resulting in ATS and ATL becoming wholly-owned subsidiaries of the Company (the "Share Purchase"). Additionally, the Company acquired substantially all of the assets of Alpha Technologies Inc. ("ATI") and certain assets of Altair Advanced Industries, Inc. ("AAII") and other affiliates of ATS and ATL, in each case in accordance with the terms and conditions of the Restructuring Agreements (the "Asset Acquisition" and together with the Share Purchase, the "Transaction").

The Initial Form 8-K omitted the financial statements of ATS, ATL, and AAII, and the pro forma financial information of ATS, ATL, AAII, ATI, Telecomponents & Supply (Hong Kong), Ltd. ("TCS HK"), AlphaTec Technologies (Shenzhen) Co., Ltd. ("AlphaTec China"), and Telecomponents & Supply Ltd. ("TCS Bahamas", and together with ATS, ATL, AAII, TCS HK, AlphaTec China, and ATI, "Alpha Group") permitted by Item 9.01(a)(4) and Item 9.01(b)(2) of Form 8-K. This amendment to the Initial Form 8-K is being filed to provide the financial statements and pro forma financial information required by Item 9.01 of Form 8-K. Except as otherwise noted, all other information in the Initial Form 8-K remains unchanged.

Item 9.01. Financial Statements and Exhibits

(a) Financial Statements

The following financial statements are attached hereto as Exhibit 99.2, 99.3, 99.4, 99.5, 99.6, and 99.7, and incorporated herein by reference:

- The historical audited financial statements of ATS as of and for the years ended December 31, 2017 and 2016 and of AAII and ATL, as of and for the year ended December 31, 2017.
- The historical unaudited financial statements of ATS, AAII, and ATL for the nine months ended September 30, 2018 and 2017.

(b) Unaudited Pro Forma Condensed Combined Financial Statements

The following unaudited pro forma condensed combined financial statements of the Company are attached hereto as Exhibit 99.8 and incorporated herein by reference:

- Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2018; and
- Unaudited Pro Forma Condensed Combined Statements of Income for the six months ended September 30, 2018 and for the year ended March 31, 2018.

(d) Exhibits

2.1 Share Purchase Agreement, dated October 29, 2018, by and among, EnerSys, AlphaTec Ltd., Alpha Innovations Ltd., Radiant Energy Systems Ltd. and Fortis Advisors LLC, as seller representative (incorporated herein by reference to Exhibit 2.1 to EnerSys' Current Report on Form 8-K, filed on October 29, 2018). *[a]
23.1 Consent of Berntson Porter & Company, PLLC.
23.2 Consent of Moss Adams LLP.
23.3 Consent of BDO Canada LLP.
99.1 Press release, dated December 10, 2018.[aa]
99.2 The historical audited consolidated financial statements of ATS for the years ended December 31, 2017 and 2016.
99.3 The historical unaudited consolidated financial statements of ATS for the nine months ending September 30, 2018 and 2017.
99.4 The historical audited financial statements of AAII for the year ended December 31, 2017.
99.5 The historical unaudited financial statements of AAII for the nine months ending September 30, 2018 and 2017.
99.6 The historical audited consolidated financial statements of ATL for the year ended December 31, 2017.
99.7 The historical unaudited consolidated financial statements of ATL for the nine months ending September 30, 2018 and 2017.
99.8 Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2018; and Unaudited Pro Forma Condensed Combined Statements of Income for the six months ended September 30, 2018 and the year ended March 31, 2018.

*The schedules (and similar attachments) to this exhibit have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. The registrant agrees to furnish a supplemental copy of any omitted schedule (or similar attachment) to the Securities and Exchange Commission upon request.

[a]Previously filed on Form 8-K on October 29, 2018

[aa]Previously filed on Form 8-K dated December 10, 2018

Signature(s)

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

		EnerSys
Date: February 22, 2019	By:	/s/ Michael J. Schmidtlein
		Michael J. Schmidtlein
		Chief Financial Officer

Berntson Porter
& COMPANY PLLC
Certified Public Accountants & Consultants

Consent of Independent Auditors

We hereby consent to the inclusion in this Current Report on Form 8-K/A and consent to the incorporation by reference in Registration Statements on From S-8 (Nos. 333-226712, 333-219838 and 333-168717) of EnerSys, of our report dated April 27, 2018 relating to our audit of the consolidated financial statements of Alpha Technologies Services, Inc. as of and for the years ended December 31, 2017 and 2016.

/s/ Berntson Porter & Company, PLLC
Bellevue, Washington
February 19, 2019

Berntson Porter & Company, PLLC
11100 NE 8th St Ste 400 — Bellevue, WA 98004
voice: 425.454.7990 fax: 425.454.7742 toll free: 800.876.6931

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333 226712, 333-219838, 333-168717) of EnerSys, of our report dated April 26, 2018, relating to the financial statements of Altair Advanced Industries, Inc., as of December 31, 2017, and for the year then ended, appearing in this Current Report on Form 8-K/A of EnerSys.

/s/ Moss Adams LLP

Bellingham, Washington
February 22, 2019

Exhibit 23.3

Tel: 604 688 5421
Fax: 604 688 5132
www.bdo.ca

BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Consent of Independent Registered Public Accounting Firm

Enersys
Reading, Pennsylvania

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-226712, 333-219838, 333-168717) of Enersys of our report dated February 22, 2019, relating to the consolidated financial statements of Alpha Technologies Ltd. as of and for the year ended December 31, 2017, which appears in this Current Report on Form 8•K/A.

/s/ "BDO Canada, LLP"

Chartered Professional Accountants
Vancouver, Canada

February 22, 2019

ALPHA TECHNOLOGIES SERVICES, INC.

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Berntson Porter
& COMPANY PLLC
Certified Public Accountants & Consultants

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April 27, 2018

To the Stockholder
Alpha Technologies Services, Inc.
Bellingham, Washington

Independent Auditors' Report

We have audited the accompanying consolidated financial statements of Alpha Technologies Services, Inc., which comprise the consolidated balance sheet as of December 31, 2017 and 2016, and the related consolidated statements of income and comprehensive income, stockholder's equity and comprehensive income and cash flows for the years 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 audits. We did not audit the financial statements of Alpha Innovations Indústria E Comércio De Produtos Electrônicos Ltda., a wholly owned subsidiary, which statements reflect total assets of \$4,721,441 and \$3,530,968 as of December 31, 2017 and 2016, respectively, and total revenues of \$6,141,251 and \$5,012,956, respectively, for the years then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Alpha Innovations Indústria E Comércio De Produtos Electrônicos Ltda., is based solely on the report of the other auditors. We conducted our audits 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.

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, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Alpha Technologies Services, Inc. as of December 31, 2017 and 2016 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Auditors' Report on the Financial Statement of Alpha Innovations Indústria E Comércio De Produtos Electrônicos Ltda.

The opinion of the other auditors on the 2017 and 2016 financial statements of Alpha Innovations Indústria E Comércio De Produtos Electrônicos Ltda. was qualified because Alpha Innovations Indústria E Comércio De Produtos Electrônicos Ltda. has excluded the calculation of transfer pricing for transactions with foreign related parties, the evaluation of tax, labor and social security processes from previous years, and the compensation of management personnel by the company. However, in our opinion, the effects of excluding such matters are not material in relation to the consolidated financial statements. Accordingly, our opinion on the consolidated financial statements is not modified with respect to these matters.

Berntson Porter & Co., PLLC

Berntson Porter & Company, PLLC
Certified Public Accountants

ASSETS

December 31,	2017	2016
CURRENT ASSETS		
Cash	$ 1,873,864	$ 2,083,156
Receivables, net	59,281,885	49,074,797
Unbilled receivables	5,112,715	6,034,551
Inventory, net	14,692,147	11,156,971
Income tax deposits	535,760	155,567
Prepaid expenses and other current assets	3,752,711	3,524,120
TOTAL CURRENT ASSETS	85,249,082	72,029,162
PROPERTY AND EQUIPMENT, net	7,091,464	5,858,479
INVESTMENTS	2,195,731	1,018,134
INTANGIBLE ASSETS, net	136,356	-
GOODWILL, net	8,324,387	9,938,345
DEFERRED FEDERAL INCOME TAXES	367,000	906,000
TOTAL ASSETS	$ 103,364,020	$ 89,750,120

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES		
Checks issued in excess of bank balance	$ 950,032	$ 600,270
Line of credit	771,819	8,104,499
Accounts payable	40,046,544	33,955,757
Accrued payroll and related liabilities	3,697,152	3,114,288
Business taxes payable and other current liabilities	21,142,664	14,009,944
Income taxes payable	203,529	670,007
Provision for losses on contracts in progress	23,760	158,174
Deferred revenue	2,435,982	2,288,047
Warranty provision	881,067	947,568
Current portion of long-term debt	2,316,263	-
Current portion of notes payable to related parties	2,325,167	-
Current portion of deferred rent	71,731	64,972
TOTAL CURRENT LIABILITIES	74,865,710	63,913,526
LONG-TERM DEBT, less current portion	399,701	-
NOTES PAYABLE TO RELATED PARTIES, less current portion	13,889,980	14,211,491
DEFFERED RENT, less current portion	101,288	173,376
TOTAL LIABILITIES	89,256,679	78,298,393
STOCKHOLDER'S EQUITY	14,107,341	11,451,727
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$ 103,364,020	$ 89,750,120

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

Years Ended December 31,	2017		2016	
Revenue, net	$ 271,453,012	100.0 %	$ 301,224,523	100.0 %
Cost of revenue	188,794,479	69.5	221,601,549	73.6
GROSS PROFIT	82,658,533	30.5	79,622,974	26.4
Operating expenses				
Personnel	40,114,320	14.8	36,397,499	12.1
Management fees	22,450,865	8.3	17,071,708	5.7
Other general and administrative	10,077,480	3.7	15,506,812	5.1
Depreciation and amortization	2,506,300	0.9	2,410,245	0.8
Rent	1,549,504	0.6	1,719,857	0.6
Legal and audit	755,807	0.3	673,689	0.2
Bad debt, net of recoveries	98,909	0.0	686,857	0.2
Total operating expenses	77,553,185	28.6	74,466,667	24.7
INCOME FROM OPERATIONS	5,105,348	1.9	5,156,307	1.7
Other income (expense)				
Foreign currency transaction gain	408,660	0.2	555,556	0.2
Other income	383,564	0.1	470,954	0.2
Gain on disposal of property and equipment	44,443	0.0	5,764	0.0
Interest income	27,933	0.0	77,189	0.0
Other expense	(206,668)	(0.1)	(602,804)	(0.2)
Interest expense	(1,209,929)	(0.4)	(851,240)	(0.3)
Loss on business combinations	-	-	(2,571,841)	(0.9)
Total other income (expense), net	(551,997)	(0.2)	(2,916,422)	(1.0)
INCOME BEFORE TAXES	4,553,351	1.7	2,239,885	0.7
Income tax expense (benefit)				
Current	1,487,890	0.5	2,035,162	0.7
Deferred	539,000	0.2	(220,000)	(0.1)
Total income tax expense (benefit), net	2,026,890	0.7	1,815,162	0.6
NET INCOME	2,526,461	1.0	424,723	0.1
Net loss attributable to non-controlling interest	-	-	150,721	0.1
NET INCOME ATTRIBUTABLE TO ALPHA TECHNOLOGIES SERVICES, INC.	$ 2,526,461	1.0 %	$ 575,444	0.2 %
Other comprehensive income (loss)				
Foreign currency translation income (loss)	129,153		(398,769)	
TOTAL COMPREHENSIVE INCOME	$ 2,655,614		$ 176,675	

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

	Common stock *						
	Number of shares issued & outstanding	Amount	Retained earnings	Accumulated other comprehensive income (loss)	Total Alpha Technologies Services, Inc. equity	Non-controlling interest	Total
Balance at January 1, 2016	1,000	$ 1,000	$ 11,174,064	$ 99,988	$ 11,275,052	$ (290,515)	$ 10,984,537
Net income (loss)	-	-	575,444	-	575,444	(150,721)	424,723
Foreign currency translation loss	-	-	-	(398,769)	(398,769)	-	(398,769)
Acquisition of stock in NavSemi Energy Pte. Ltd. (Note 20)	-	-	-	-	-	441,236	441,236
Balance at December 31, 2016	**1,000**	**1,000**	**11,749,508**	**(298,781)**	**11,451,727**	**-**	**11,451,727**
Net income	-	-	2,526,461	-	2,526,461	-	2,526,461
Foreign currency translation gain	-	-	-	129,153	129,153	-	129,153
Balance at December 31, 2017	**1,000**	**$ 1,000**	**$ 14,275,969**	**$ (169,628)**	**$ 14,107,341**	**$ -**	**$ 14,107,341**

* Authorized 50,000 shares, no par value.

Years Ended December 31,	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES		
Net income	$ 2,526,461	$ 424,723
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	2,506,300	2,410,245
Loss on business combinations	-	2,571,841
Gain on disposal of property and equipment	(44,443)	(5,764)
Deferred federal income taxes	539,000	(220,000)
Deferred rent	(65,329)	(58,516)
Allowance for doubtful accounts	(32,191)	523,925
Allowance for inventory obsolescence	(293,501)	(109,499)
(Increase) decrease in:		
Receivables	(10,174,897)	(6,541,104)
Unbilled receivables	921,836	(3,462,432)
Inventory	(3,241,675)	6,950,137
Income tax deposits	(380,193)	786,203
Prepaid expenses and other current assets	(224,427)	1,196,470
Increase (decrease) in:		
Accounts payable	10,633,842	3,135,203
Accrued payroll and related liabilities	582,864	691,248
Business taxes payable and other current liabilities	7,132,720	(901,319)
Income taxes payable	(466,478)	670,007
Provision for losses on contracts in progress	(134,414)	(1,167,511)
Deferred revenue	147,935	(21,650,420)
Warranty provision	(66,501)	104,842
Net cash provided by (used in) operating activities	9,866,909	(14,651,721)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,116,945)	(351,488)
Investment in corporation	(1,182,421)	-
Purchase of non-compete agreement	(144,078)	-
Proceeds from the disposal of property and equipment	44,443	160,589
Net liabilities assumed through business combinations	-	(1,703,993)
Net cash used in investing activities	(3,399,001)	(1,894,892)
CASH FLOW FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on line of credit	(7,332,680)	3,255,585
Proceeds from issuance of notes payable to related parties	2,003,656	545,053
Principal payments on long-term debt	(1,827,091)	-
Checks issued in excess of bank balance	349,762	600,270
Net cash provided by (used in) financing activities	(6,806,353)	4,400,908
Foreign currency translation adjustment	129,153	(398,769)
NET CHANGE IN CASH	(209,292)	(12,544,474)
CASH AT BEGINNING OF YEAR	2,083,156	14,627,630
CASH AT END OF YEAR	$ 1,873,864	$ 2,083,156

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Accounts payable converted to long-term debt	$ 4,543,055	$ -
Cash paid during the year for income taxes	$ 2,334,561	$ 578,952
Cash paid during the year for interest	$ 1,130,872	$ 969,323
Assignment of note payable to related party	$ -	$ 108,862

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

Note 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Alpha Technologies Services, Inc. specializes in offering engineering, furnishing and installation (EF&I), preventative maintenance, and equipment repair/refurbishment services as well as battery distribution to its customers. Alpha Energy is a division of the company. Alpha Energy is an integrator of Photovoltaic and other distributed generation power systems for residential, small commercial and institutional applications. Alpha Energy may also construct solar power systems for the future sale of alternative energy to customers.

Outback Power Technologies, Inc. develops power conversion solutions that provide reliable electric power for renewable energy, backup and mobile applications.

Alpha Alternative Energy, Inc. provides engineering, procurement, and construction (EPC) as well as operations and maintenance (O&M) services to developers and operators of photovoltaic (PV) power generation systems.

Coppervale Enterprises, Inc. provides energy-related business intelligence, delivered through financial, energy and environmental auditing and analytics. The work is performed under contracts with a fixed price or cost plus a profit sharing fee with a guaranteed maximum.

Alpha Broadband Services, Inc. is a customer service organization that was created to provide on-site power services including power system installation, preventative maintenance and technical support to customers.

NavSemi Energy Pte. Ltd. develops off-grid and grid-interactive power solutions for a more efficient transfer of energy from solar power sources and provides first-in-kind solutions for expanding solar capabilities.

Alpha Technologies Pty. Ltd. provides end to end sales, service and support to customers for a complete range of integrated powering solutions.

Alpha Innovations Indústria E Comércio De Produtos Electrônicos Ltda. (Alpha Innovations Pty. Ltd.) provides manufacturing and technical support for Alpha products in the industrial and telecommunications field.

Alpha Innovations Mexico S. de R.L. de C.V. (Alpha Innovations Mexico) provides end to end sales, service and support to customers for a complete range of integrated powering solutions.

The companies operate throughout the United States, as well as provide services to entities in foreign markets.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Alpha Technologies Services, Inc., its wholly owned subsidiaries Outback Power Technologies, Inc. Alpha Alternative Energy, Inc., Coppervale Enterprises, Inc., Alpha Broadband Services, Inc., NavSemi Energy Pte. Ltd., Alpha Technologies Pty. Ltd., Alpha Innovations Pty. Ltd. Alpha Innovations Mexico S. de R.L. de C.V.

(collectively "the company"). All significant intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATIONS OF CREDIT RISK

The company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Additionally, the company maintains money market accounts which are not insured. The company has not experienced any losses in such accounts. The company believes it is not exposed to any significant credit risk on cash.

The company grants credit to its customers, some of which are located in foreign markets. Such receivables are generally unsecured.

CASH MANAGEMENT

The company reduces its cash balance when checks are disbursed. Due to the time delay in checks clearing the bank, the company may maintain a negative cash balance on its books, which is reported as a liability in the accompanying financial statements. Checks issued in excess of bank balance includes $950,032 and $600,270 of checks not yet presented for payment drawn in excess of cash balances at December 31, 2017 and 2016, respectively.

INVENTORY

The company adopted the provisions of FASB ASU 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*. The provisions of ASU 2015-11 require inventory, for which cost is measured using a method other than the LIFO or retail method, to be subsequently measured at the lower of cost or net realizable value. The adoption of these provisions have been prospectively applied and did not have a material impact on the accompanying financial statements.

Supplies and parts, solar panels and finished goods inventory is based on a physical count and stated at the lower of cost, using a standard costing system, or net realizable value. Finished goods include costs for direct labor, materials and allocated production overhead. Battery inventory is based on physical count and stated at the lower of cost, using the moving average cost method, or net realizable value.

DEPRECIATION AND AMORTIZATION

Depreciation of property and equipment is provided on the straight-line method using the following estimated useful lives:

Solar power systems	25 years
Machinery and equipment	3-7 years
Motor vehicles	3-5 years
Furniture and office equipment	3 years

Leasehold improvements are being amortized using the straight-line method over the lesser of the estimated length of the related lease or estimated useful life of the asset.

Costs related to long-term capital asset projects are recorded as assets under construction. Once the underlying project is complete and the asset is placed in service, the costs will be depreciated.

Investments

The company owns a 10% membership interest in Silicon Energy, LLC. During 2016, the company owned a 2% interest in Mojo Networks, Inc. (formally known as AirTight Networks, Inc.). During 2017, the company purchased additional stock in Mojo Networks, Inc. for $1,182,421 which increased the company's interest in Mojo Networks, Inc. to 3.2205%. These investments are accounted for using the cost method. The company periodically evaluates their investment for potential impairment. An impairment loss would be recognized as the amount by which the cost of the investments exceeds the fair market value.

Intangible assets

Amortization of intangible assets is provided on the straight-line method using the following expected benefit period:

Non-compete agreement	5 years

Goodwill

The excess of the purchase price over the fair market value of intangible assets, tangible assets and assumed liabilities in a business combination is allocated to goodwill. Goodwill is analyzed upon the occurrence of events or circumstances indicating that an impairment may exist. Impairment losses, if any, are recorded in the consolidated statement of income as part of income from operations. The company has adopted the provisions of FASB ASC 350-20, *Goodwill and Other*. The provisions allow for the company to assess qualitative factors to determine whether it is more likely than not that evidence of goodwill impairment exists.

The company has adopted the accounting alternative provisions of FASB ASC 350-20, *Goodwill and Other*, relating to the subsequent measurement of goodwill. Under the alternative provisions of ASC 350-20, goodwill is amortized on a straight-line basis over the shorter of the estimated useful life or ten years (Note 7). Goodwill is amortized on a straight-line basis over ten years.

Warranties

The company records a liability for an estimate of costs that it expects to incur under its basic limited warranty when product revenue is recognized. Factors affecting the company's warranty liability include the number of units sold and historical and anticipated rates of claims and costs per claim. The company periodically assesses the adequacy of its warranty liability based on changes in these factors.

Foreign operations

The accounting records of NavSemi Energy Pte. Ltd. are maintained in the local currencies of the Republic of India (Rupee) and Singapore (Singapore dollar). The accounting records of Alpha Technologies Pty. Ltd. are maintained in the local currency of Australia (AUD). The accounting records of Alpha Innovations Pty. Ltd. are maintained in the local currency of the Federature Republic of Brazil (Real). The accounting records of Alpha Innovations Mexico are maintained in the local currency of Mexico (Peso). Accounting standards require the financial statements of these foreign subsidiaries, be remeasured into U.S. dollars (reporting currency). The accompanying financial statements include amounts attributable to the foreign subsidiaries that have been translated into U.S. dollars using an average annual exchange rate for the statement of income, the exchange rate at December 31, 2017 and 2016 for the balance sheet, and the historical exchange rate for equity transactions. Exchange gains and losses from remeasurement into the reporting currency are recognized as a component of other comprehensive income.

Foreign operations related to foreign subsidiaries consist of net sales equivalent to approximately $10,946,000 and $8,348,000 and a net loss of approximately $1,958,000 and $1,292,000 for the years ended December 31, 2017 and 2016, respectively. Assets located outside of the United States totaled approximately $9,967,000 and $7,104,000 at December 31, 2017 and 2016, respectively.

Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls and restrictions on currency exchange.

Non-controlling interest

Non-controlling interest on the consolidated balance sheet, and consolidated statements of income and comprehensive income and stockholder's equity and comprehensive income represents the minority owner's proportionate share of equity and loss of NavSemi Energy Pte. Ltd. During 2016, the company purchased the remaining shares of NavSemi Energy Pte. Ltd. from the minority stockholder (Note 20).

Revenue recognition

Revenue for the sale of finished goods, batteries and certain solar panels is recognized upon shipment of products to customers when all significant contractual obligations have been satisfied and collection is reasonably assured. Service and repair revenue is recorded as customers are invoiced for work performed. Revenue from software licensing agreements is recognized over the length of the contract, typically one to three years.

Revenue from utility audits, carbon audits and other energy management services is recognized when earned which is when the company has persuasive evidence of an arrangement, services have been performed, the sales price has been fixed or determinable and collectability is reasonably assured.

Revenues from fixed price contracts are recorded on the basis of management's estimates of the percentage-of-completion of individual contracts, commencing when progress reaches a point where experience is sufficient to estimate final results with reasonable accuracy. Management's estimates of the percentage-of-completion of individual contracts are based primarily upon the relationship of costs incurred to date compared with total estimated costs. Estimated total cost is a significant estimate which affects the recognition of contract profit or loss for each contract. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and revenues in the succeeding year. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change in the near term. Revisions in cost and profit estimates during the course of the work are reflected in the accounting period in which the facts which require the revisions become known. When it becomes apparent that a loss on a contract will be incurred, the entire estimated loss is recorded. Work performed under fixed price contracts are generally less than one year in duration.

Contract costs include all direct materials, subcontractor and labor costs, and those indirect costs related to contract performance, such as equipment rental, supplies, tools and repairs. Included in inventory are certain direct solar panel and product materials purchased but not yet installed and charged to the job. General and administrative costs are charged to expense as incurred.

Unbilled receivables represent revenues earned in excess of amounts billed.

Deferred revenue represents amounts invoiced or collected in excess of revenues recognized.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The company estimates that the carrying amount of all financial instruments approximate fair value, a Level 1 input under ASC 820.

SHIPPING AND HANDLING COSTS

The company classifies shipping and handling as operating expenses in the accompanying consolidated financial statements. Total shipping and handling costs were approximately $2,160,000 and $2,816,000 for the years ended December 31, 2017 and 2016, respectively.

TAXES COLLECTED FROM CUSTOMERS AND REMITTED TO GOVERNMENTAL AUTHORITIES

The company accounts for the collection and remittance of all taxes on a net basis. As a result, these amounts are not reflected in the consolidated statement of income and comprehensive income.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. In general, this standard will require the company to recognize revenue when it transfers goods or services to customers in the amount of anticipated consideration in which the company is entitled. This standard also requires additional disclosure requirements that result in the company providing financial statement users comprehensive information regarding the nature, amount, timing and uncertainty of revenue and cash flow from the company's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019 with retrospective application required. The company has not determined the impact of adopting this standard on the accompanying financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. In general, this standard requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. This standard will be effective for the calendar year ending December 31, 2020 with retrospective application required. The company has not determined the impact of adopting this standard on the accompanying financial statements.

Note 2 - RECEIVABLES

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to income and an increase in the valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of accounts receivable.

Receivables at December 31 consists of the following:

	2017	2016
Receivables	$ **60,543,592**	$ 50,368,695
Less allowance for doubtful accounts	**(1,261,707)**	(1,293,898)
Receivables, net	$ **59,281,885**	$ 49,074,797

Amounts due from two customers comprise 68% and 49% of receivables at December 31, 2017 and 2016, respectively.

Note 3 - INVENTORY

Inventory at December 31 consists of the following:

	2017	2016
Batteries	$ **6,896,504**	$ 5,692,626
Supplies and parts	**6,441,587**	5,806,588
Finished goods	**2,095,203**	795,498
Solar panels	**311,853**	208,760
Less allowance for inventory obsolescence	**(1,053,000)**	(1,346,501)
Total	$ **14,692,147**	$ 11,156,971

Note 4 - CONTRACTS IN PROGRESS

Information with respect to contracts in progress at December 31 is as follows:

	2017	2016
Costs incurred on contracts in progress	$ **32,233,972**	$ 40,194,892
Estimated gross profit	**7,249,202**	3,999,293
Earned revenue	**39,483,174**	44,194,185
Less billings to date	**(35,351,382)**	(40,012,607)
Unbilled receivables, net	$ **4,131,792**	$ 4,181,578

Backlog on contracts in progress was $21,646,329 and $12,520,270 at December 31, 2017 and 2016, respectively.

Note 5 - Property and Equipment

Property and equipment at December 31 consists of the following:

	2017	2016
Solar power systems	$ 4,260,608	$ 4,260,608
Machinery and equipment	3,792,265	2,791,994
Leasehold improvements	2,004,966	1,990,354
Assets under construction	693,593	148,063
Motor vehicles	650,434	307,679
Furniture and office equipment	552,973	456,683
Total property and equipment, at cost	11,954,839	9,955,381
Less accumulated depreciation and amortization	(4,863,375)	(4,096,902)
Net property and equipment	$ 7,091,464	$ 5,858,479

The accompanying consolidated financial statements include depreciation expense of $680,932 and $589,322 related to property and equipment for the years ended December 31, 2017 and 2016, respectively. Depreciation and amortization expense related to property and equipment totaled $883,960 and $795,627 for the years ended December 31, 2017 and 2016, respectively.

Note 6 - Intangible Assets

Intangible assets at December 31 consist of the following:

	2017	2016
Non-compete agreement	$ 144,078	$ -
Less accumulated amortization	(7,722)	-
Intangible assets, net	$ 136,356	$ -

The company incurred amortization expense of $7,722 for the year ended December 31, 2017. Future estimated amortization expense related to intangible assets is as follows:

Year ending December 31,	
2018	$ 28,816
2019	28,816
2020	28,816
2021	28,816
2022	21,092

Note 7 - Goodwill

The change in the carrying value of goodwill during the year ended December 31 is as follows:

		2017		2016
Carrying value, beginning of period	$	**9,938,345**	$	11,552,303
Amortization expense		**(1,613,958)**		(1,613,958)
Carrying value, net, end of period	$	**8,324,387**	$	9,938,345

Goodwill at December 31 consists of the following:

		2017		2016
Goodwill	$	**16,139,567**	$	16,139,567
Less accumulated amortization		**(7,815,180)**		(6,201,222)
Net goodwill	$	**8,324,387**	$	9,938,345

Future estimated amortization expense of goodwill is $1,613,958 for each of the next five years.

Note 8 - Line of Credit

The company maintains a $15,000,000 revolving line of credit agreement with Bank of America, N.A. which is based on eligible collateral. The interest rate was 3.06% at December 31, 2017 and varies at the LIBOR Daily Floating Rate plus 1.50%. The line of credit matures January 31, 2019 and is collateralized by substantially all company assets. The outstanding balance was $771,819 and $8,104,499 at December 31, 2017 and 2016, respectively.

The line of credit includes provisions for standby letters of credit. The maximum amount of all letters of credit, including any partial draws under the letters of credit, is limited to $3,000,000 and have terms not to exceed 365 days beyond the maturity of the line of credit. There was $2,400,000 in letters of credit outstanding at December 31, 2016. There were no letters of credit outstanding at December 31, 2017.

The line of credit agreement contains covenants which require the company to maintain certain financial ratios. The company was in compliance with the financial covenants at December 31, 2017.

Note 9 - Warranty Provision

The company maintains a warranty provision on certain product sales for a maximum period of five years from completion of the work. The company recognizes warranty expense for claims incurred and estimated future claims. Approximate warranty costs at December 31 are as follows:

		2017		2016
Balance, beginning of year	$	**948,000**	$	843,000
Claims paid during the year		**(193,000)**		(163,000)
Additional warranties issued		**126,000**		268,000
Balance, end of year	$	**881,000**	$	948,000

Note 10 - LONG-TERM DEBT

Long-term debt at December 31 consists of the following:

		2017		2016
Note payable to Altair Advanced Industries, Inc., 6%, due in monthly installments of $201,351 including interest, matures March 2019 with option to extend for one additional year, unsecured	$	**2,715,964**	$	-
Less current portion		**(2,316,263)**		-
Long-term portion	$	**399,701**	$	-

Future payments to be made on long-term debt are as follows:

Year ending December 31,		Principal		Interest		Total
2018	$	2,316,263	$	99,949	$	2,416,212
2019		399,701		3,000		402,701
Total	$	2,715,964	$	102,949	$	2,818,913

Note 11 - NOTES PAYABLE TO RELATED PARTIES

Notes payable to related parties at December 31 consists of the following:

		2017		2016
Outback Power Technologies, Inc.				
Note payable to Alpha Technologies, Inc., 5%, interest payments due annually, principal and accrued interest due June 2019, unsecured, subordinated to Bank of America, N.A.	$	**10,000,000**	$	10,000,000
Coppervale Enterprises, Inc.				
Note payable to Alpha Technologies, Inc., 5%, interest payments due annually, principal and accrued interest due July 2019, unsecured, subordinated to Bank of America, N.A.		**400,000**		400,000

NavSemi Energy Pte. Ltd.		
Revolving note payable to Alpha Technologies, Inc., 5%, maximum principal sum of $1,500,000 available at December 31, 2017, interest payments due annually, principal and accrued interest due December 2020, unsecured	**1,340,000**	425,000
Alpha Innovations Pty. Ltd.		
Notes payable to Alpha Technologies, Inc., 5%, interest payments due annually, principal and accrued interest due on maturity dates ranging from May 2018 to August 2019, unsecured	**4,425,833**	3,386,491
Alpha Innovations Mexico		
Revolving note payable to Alpha Technologies, Inc., 5%, maximum principal sum of $100,000 available at December 31, 2017, interest payments due annually, principal and accrued interest due November 2018, unsecured	**49,314**	-
Total notes payable to related parties	**16,215,147**	14,211,491
Less current portion	**(2,325,167)**	-
Long-term portion	**$ 13,889,980**	$ 14,211,491

The accompanying financial statements include interest payable of approximately $331,000 and $263,000 and interest expense of approximately $749,000 and $674,000 related to these notes for the years ended December 31, 2017 and 2016, respectively.

Future payments to be made on notes payable to related parties are as follows:

Year ending December 31,	Principal	Interest	Total
2018	$ 2,325,167	$ 746,844	$ 3,072,011
2019	12,549,980	686,166	13,236,146
2020	1,340,000	67,000	1,407,000
Total	$ 16,215,147	$ 1,500,010	$ 17,715,157

Subsequent to December 31, 2017, the maximum principal amount available under the NavSemi Energy Pte. Ltd. revolving note payable to Alpha Technologies, Inc. was increased to $2,250,000.

Note 12 - FEDERAL AND STATE TAXES ON INCOME

The company has adopted the provisions of FASB ASC 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. ASC 740-10 defines a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as interest, penalties, derecognition and disclosures. The company does not have any entity level uncertain tax positions. The company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2014.

The company utilizes the asset and liability method of accounting for deferred income taxes. Under this method, the current year deferred income tax expense or benefit is determined by the net change in the deferred tax liabilities or assets during the year. The deferred tax liabilities or assets are determined by comparison of the financial statement bases of all assets and liabilities to their corresponding tax bases and applying enacted tax rates to these temporary differences.

The company has early adopted the provisions of FASB ASU 2015-17, *Income Taxes*. The provisions of ASU 2015-17 simplified the presentation of deferred income taxes which required that deferred tax liabilities and assets be classified as noncurrent in a classified balance sheet. The adoption of this ASU was retrospectively applied. The adoption of this standard did not have a material impact on the accompanying financial statements.

The Tax Cuts and Jobs Act of 2017 was signed into law on December 22, 2017. The law includes significant changes to the U.S. corporate income tax system, including a federal corporate rate reduction from 35% to 21% and a transition of U.S. International taxation from a worldwide tax system to a territorial tax system. As a result of the federal corporate rate reduction, the company has revalued their deferred assets and liabilities and recorded tax expense of $226,000, which is included in deferred tax expense (benefit) as of December 31, 2017. The company is in the process of analyzing the final legislation and has not determined the impact of the transition tax on deemed repatriation of deferred foreign income.

Financial statement bases and tax bases of assets differ due to the company utilizing accelerated depreciation methods for tax purposes on certain assets which are being depreciated less rapidly for financial statement purposes, the use of allowances for financial statement purposes, and other timing differences.

These approximate temporary differences at December 31 are summarized as follows:

	2017	2016
Deferred tax asset		
Capital loss carryforwards, expiring in 2020	$ **1,027,000**	$ -
Difference in financial statement bases of goodwill over tax bases	**372,000**	586,000
Financial statement inventory reserve	**256,000**	441,000
Financial statement allowance for doubtful accounts	**222,000**	444,000
Financial statement accrual of bonuses and vacation	**160,000**	332,000

Financial statement warranty reserve		**67,000**		140,000
Financial statement deferred rent		**36,000**		81,000
Financial statement provision for losses on contracts in progress		**5,000**		54,000
Total deferred tax asset		**2,145,000**		2,078,000
Less valuation allowance		**(1,027,000)**		-
Net deferred tax asset	**$**	**1,118,000**	$	2,078,000
Deferred tax liability				
Excess of financial statement bases of property and equipment over tax bases		**(751,000)**		(1,172,000)
Total net deferred tax asset	**$**	**367,000**	$	906,000

Realization of the deferred tax assets is dependent on generating sufficient taxable income. A valuation allowance of $1,027,000 has been recorded based on management's evaluation that it is more likely than not that the benefit from the capital loss carryforwards will not be realized. Although realization is not assured, management believes, based upon available information, it is more likely than not that the net deferred assets will be realized in the normal course of operations. The amount of the net deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future income are reduced.

Federal and state income tax expense does not bear a normal relationship to income before taxes primarily due to the effects of general business credits, the change in the effective rate and nondeductible items for federal income tax purposes.

Effective January 1, 2017, the company made a check the box election to classify NavSemi Energy Pte. Ltd. as a disregarded entity and include the results of operations in the consolidated tax return. Alpha Technologies Pty. Ltd., Alpha Innovations Pty. Ltd. and Alpha Innovations Mexico are treated as controlled foreign corporations under the Internal Revenue Code. As such, each subsidiary pays taxes in accordance with its local tax law.

Note 13 - REVENUE

Two customers comprised approximately 64% of the company's revenues for the year ended December 31, 2017. Three customers comprised approximately 57% of the company's revenue for the year ended December 31, 2016.

Note 14 - SUPPLIER CONCENTRATION

The company obtained approximately 13% of its inventory purchases from one supplier during each of the years ended December 31, 2017 and 2016. Management believes other suppliers could provide similar products on comparable terms. A change in suppliers, however, could cause a delay in shipping and a possible loss of sales, which could affect operating results adversely.

Note 15 - Lease Commitments

The company leases service depot facilities in Washington, Arizona, Florida, Georgia, New Jersey, and Texas and warehouse facilities in New Mexico, from various parties. The leases expire from October 2018 to March 2027. The leases currently call for combined monthly payments of approximately $88,000, with scheduled annual increases. The company is responsible for all expenses related to occupancy including taxes, insurance, utilities and maintenance.

Under the terms of the lease for facilities in Arlington, Washington, the company received $300,000 in rent abatement from February 2013 through September 2014. The lease also calls for scheduled rent increases. Accounting principles generally accepted in the United States of America require lease payments to be recognized on a straight-line basis over the term of the lease. The difference between the actual lease payments and the amount that is required to be recognized as expense is recorded as deferred rent on the consolidated balance sheet.

NavSemi Energy Pte. Ltd. leases office and warehouse facilities in Bangalore, India, under operating agreements expiring through April 2021. The leases currently call for combined monthly rental payments of approximately $8,000 with scheduled annual increases. The company is responsible for all expenses related to occupancy including taxes, insurance, utilities and maintenance.

During 2017, Alpha Innovations Mexico entered into an operating agreement to lease office space in Toluca, Mexico, expiring January 2020. The lease calls for monthly payments of approximately $1,000. The company is responsible for all expenses related to occupancy, including taxes, insurance, utilities and maintenance.

The company leases vehicles under noncancellable operating leases with terms ranging from 24 months to 48 months. The leases currently call for combined monthly payments of approximately $14,000.

The accompanying consolidated financial statements include total rent expense of approximately $1,547,000 and $1,741,000 relating to these leases for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments under noncancellable leases are as follows:

Year ending December 31,		
2018	$	1,497,691
2019		1,327,507
2020		1,126,847
2021		543,997
2022		190,162
Thereafter		618,175
Total	$	5,304,379

Note 16 - Employee benefit plan

The company participates in a defined contribution profit-sharing plan, including 401(k) provisions, covering qualified employees which allows for contributions by the company and voluntary contributions by employees. The company matches 50% of employee contributions to the plan limited to a match of $5,000 per eligible employee. Employer contributions to the plan were approximately $227,000 and $237,000 for the years ended December 31, 2017 and 2016, respectively.

Note 17 - Related party transactions

The company maintains the following service agreements with Alpha Technologies, Inc. (ATI) and Comm/Net, Inc. (CNN) for general management support and product management support, respectively, to the company:

a) Management Support Services Agreement between ATI and Alpha Technologies Services, Inc. effective as of July 1, 2000, and amended on January 8, 2016 with an effective date of January 1, 2016.

b) Management Support Services between ATI and Outback Power Technologies, Inc. effective as of July 13, 2010, and amended January 14, 2014 with an effective date of January 1, 2014.

c) Product Management Services Agreement between CNN and Alpha Technologies Services, Inc. effective as of January 1, 2002, and amended January 8, 2016 with an effective date of January 1, 2016.

d) Management Support Services Agreement between ATI and Coppervale Enterprises, Inc. effective as of January 1, 2010.

e) Management support services agreement between ATI and Alpha Innovations Mexico effective as of January 1, 2017.

The agreements continue for successive yearly terms. Either party may terminate the agreements at any time upon 90 days written notice.

Total management fees paid during the year in relation to the above agreements were $22,450,865 and $17,071,708 for the years ended December 31, 2017 and 2016, respectively.

At December 31, 2017 and 2016, $486,305 and $489,857, respectively, is due from ATI and CNN and is included in accounts receivable.

At December 31, 2017 and 2016, $19,874,141 and $11,566,156, respectively, is due to ATI and CNN and is included in accounts payable.

During the years ended December 31, 2017 and 2016, the company recorded revenues of approximately $1,713,000 and $1,933,000, respectively, for services provided to Alphatec Ltd., the stockholder. At December 31, 2017 and 2016, $52,773 and $262,595, respectively, is due from Alphatec Ltd., and is included in accounts receivable.

During the year ended December 31, 2016, the company sold approximately $199,000 of equipment to ATI.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances outstanding are unsecured, non-interest bearing have no stated terms of repayment and have arisen as a result of services referred to above.

Note 18 - OTHER INCOME

Between 2009 and 2013, the company completed the installation of several company-owned solar panel systems. These solar panel systems are considered renewable energy systems. Under federal law, there are certain environmental credits associated with each kilowatt-hour (kWh) of electricity produced by the solar panel systems. Under the terms of the sale and installation agreements, the company has assigned title and ownership of any and all environmental credits associated with the solar panel systems to certain utility agencies in exchange for one time incentive payments. The incentive payments related to the assignment of these rights totaled $83,655 and $79,196 in 2017 and 2016, respectively. Under terms of the sale agreements, the company must maintain and operate the solar panel systems for 20 years. If the systems are not appropriately maintained, the company could be charged penalties and damages by the utility agencies.

Note 19 - EMPLOYEE AGREEMENTS

The company maintains a Supplemental Executive Bonus Plan (the "plan") for key employees. Admittance into the plan is at management's discretion. Contributions to the plan are based on an annual bonus amount that varies by participant (as defined in the plan) and subject to continued employment by the key employee, vesting requirements and continuation of the plan at the discretion of the company. Contributions are paid out to participants following a five year vesting period and before the due date of the company's federal income tax return. At December 31, 2017 and 2016, the deferred compensation liability related to this agreement was $90,000 and $308,000, respectively

Note 20 - BUSINESS COMBINATIONS

On December 2, 2016, Alpha Technologies Services, Inc. acquired 100% of the outstanding shares of Coppervale Enterprises, Inc., a company incorporated in Washington from a related party. The purchase price was $1,600,000 paid at closing. The acquisition was made for the purpose of expanding current services to include energy-related consulting services to their existing customer base. The accompanying financial statements include the results of operations for the years ending December 31, 2017 and 2016.

The following is a condensed balance sheet showing the fair value of assets acquired and liabilities assumed as of the beginning of the period, January 1, 2016:

Cash	$	86,907
Receivables		121,797
Accounts payable		(138,899)
Other current liabilities		(109,510)
Notes payable		(300,000)
Net liabilities assumed	$	(339,705)

A loss in the amount of $1,939,705 was recognized as a result of the acquisition during the year ended December 31, 2016.

On October 10, 2016, Alpha Technologies Services, Inc. acquired the remaining outstanding shares of NavSemi Energy Pte. Ltd., The additional purchase price was $190,900 paid at closing. A loss of $632,136 was recognized as a result of the acquisition.

Note 21 - CONTINGENCIES

The company may be involved in various legal matters and subject to certain contingencies in the normal course of business, some of which are covered by insurance. Management believes that the outcome of any matters will not have a material impact on the company's financial position.

Note 22 - SUBSEQUENT EVENTS

Effective April 10, 2018, NavSemi Energy Pte. Ltd. changed its name to Alpha Tech Energy Solutions India Pte. Ltd.

Management has evaluated subsequent events through April 27, 2018, the date the financial statements were available to be issued.

Exhibit 99.3

Unaudited Interim Financial Statements of
Alpha Technologies Services, Inc.

Alpha Technologies Services, Inc.
Consolidated Condensed Balance Sheets (Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 1,815,267	$ 1,873,864
Accounts Receivable, Net	65,612,681	59,281,885
Unbilled Receivable	10,803,757	5,112,715
Inventory, Net	19,837,472	14,692,147
Income Taxes Receivable	-	535,760
Prepaid Expenses and Other Current Assets	2,939,020	3,752,711
Total Current Assets	101,008,197	85,249,082
Property and Equipment, Net	7,037,644	7,091,464
Goodwill	7,121,642	8,324,387
Intangible Assets, Net	128,805	136,356
Deferred Income Taxes	367,000	367,000
Other Assets	63,691	-
Investments	13,310	2,195,731
Total Assets	115,740,289	103,364,020
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Checks Issued in Excess of Bank Balance	$ -	$ 950,032
Line of Credit	-	771,819
Accounts Payable and Accrued Liabilities	65,768,200	40,046,544
Accrued Compensation and Benefits	3,492,730	3,697,152
Deferred Revenue	2,056,549	2,435,982
Income Taxes Payable	1,186,147	203,529
Other Liabilities	303,731	22,119,222
Long Term Debt, Current Portion	15,581,207	4,641,430
Total Current Liabilities	88,388,564	74,865,710
Long-term Debt, less current portion	5,021,277	14,289,681
Deferred Rent, less current portion	-	101,288
Total Liabilities	93,409,841	89,256,679
Total Stockholder's Equity	22,330,448	14,107,341
Total Liabilities and Stockholder's Equity	$ 115,740,289	$ 103,364,020

Alpha Technologies Services, Inc.
Consolidated Condensed Statements of Income and Comprehensive Income (Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue, net	$ 248,414,708	$ 189,323,813
Cost of Revenue	170,043,397	133,135,100
Gross Profit	78,371,311	56,188,713
Selling, General and Administrative Expenses	65,519,231	50,759,452
Amortization of Intangible Assets	1,215,248	1,210,963
Operating Income	11,636,832	4,218,298
Interest Expense	831,335	857,577
Other Income, net	(199,659)	(576,547)
Income before Income Taxes	11,005,156	3,937,268
Provision for Income Taxes	2,782,049	1,557,224
Net Income attributable to Alpha Technologies Services Inc.	$ 8,223,107	$ 2,380,044
Foreign Currency Translation Loss	44,453	-
Total Consolidated Statements of Income and Comprehensive Income	$ 8,178,654	$ 2,380,044

Alpha Technologies Services, Inc.
Consolidated Condensed Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash Flows from Operating Activities		
Net Income	**$ 8,223,107**	**$ 2,380,044**
Depreciation and Amortization	744,950	611,490
Intangibles Amortization	1,215,248	1,210,963
Gain on Sale of Investment (Note 1)	(1,418,637)	-
(Increase)/Decrease in Assets and Liabilities		
Accounts Receivable	(8,247,806)	(7,416,162)
Unbilled Receivable	(3,674,862)	2,644,147
Inventory	(5,301,988)	(3,829,285)
Income Tax Receivable/Payable	2,686,455	1,367,513
Prepaid Expenses and Other Current Assets	(569,249)	(881,007)
Other Assets	(21,870)	3,467
Accounts Payable & Accrued Liabilities	4,149,540	936,907
Accrued Compensation and Benefits	(336,149)	(546,502)
Deferred Revenue	(379,433)	88,624
Other Liabilities	(4,125)	33,656
Net Cash Used in Operating Activities	**(2,934,819)**	**(3,396,145)**
Cash Flows from Investing Activities		
Sale/(Purchase) of Investment (Note 1)	3,601,058	(1,326,499)
Purchases of Property and Equipment	(691,135)	(1,618,733)
Net Cash Provided by/(Used in) Investing Activities	**2,909,923**	**(2,945,232)**
Cash Flows from Financing Activities		
Repayment of Line of Credit	(771,819)	(1,016,619)
Checks Issued in Excess of Bank Balance	(950,032)	1,811,135
Net Borrowings of Long Term Debt	1,732,594	4,703,310
Net Cash Provided by Financing Activities	**10,743**	**5,497,826**
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(44,444)	120,189
Net Decrease in Cash and Cash Equivalents	**(58,597)**	**(723,362)**
Beginning Cash and Cash Equivalents Balance	1,873,864	2,083,157
Ending Cash and Cash Equivalents Balance	**$ 1,815,267**	**$ 1,359,795**

Note 1 - OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

OPERATIONS

Alpha Technologies Services, Inc. specializes in offering engineering, furnishing and installation (EF&I), preventative maintenance, and equipment repair/refurbishment services as well as battery distribution to its customers. Alpha Energy is a division of the company. Alpha Energy is an integrator of Photovoltaic and other distributed generation power systems for residential, small commercial and institutional applications. Alpha Energy may also construct solar power systems for the future sale of alternative energy to customers.

Outback Power Technologies, Inc. develops power conversion solutions that provide reliable electric power for renewable energy, backup and mobile applications.

Alpha Alternative Energy, Inc. provides engineering, procurement, and construction (EPC) as well as operations and maintenance (O&M) services to developers and operators of photovoltaic (PV) power generation systems.

Coppervale Enterprises, Inc. provides energy-related business intelligence, delivered through financial, energy and environmental auditing and analytics. The work is performed under contracts with a fixed price or cost plus a profit sharing fee with a guaranteed maximum.

Alpha Broadband Services, Inc. is a customer service organization that was created to provide on-site power services including power system installation, preventative maintenance and technical support to customers.

Alpha Tech Energy Solutions India Pvt. Ltd. develops off-grid and grid-interactive power solutions for a more efficient transfer of energy from solar power sources and provides first-in-kind solutions for expanding solar capabilities.

Alpha Technologies Pty. Ltd. provides end to end sales, service and support to customers for a complete range of integrated powering solutions.

Alpha Innovations Industria E Comercio De Produtos Electronicos Ltda. (Alpha Innovations Pty. Ltd.) provides manufacturing and technical support for Alpha products in the industrial and telecommunications field.

Alpha Innovations Mexico S. de R.L. de C.V. (Alpha Innovations Mexico) provides end to end sales, service and support to customers for a complete range of integrated powering solutions.

The companies operate throughout the United States, as well as provide services to entities in foreign markets.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Alpha Technologies Services, Inc., its wholly owned subsidiaries Outback Power Technologies, Inc. Alpha Alternative Energy, Inc., Coppervale Enterprises, Inc., Alpha Broadband Services, Inc., Alpha Tech Energy Solutions India Pvt. Ltd., Alpha Technologies Pty. Ltd., Alpha Innovations Pty. Ltd. Alpha Innovations Mexico S. de R.L. de C.V. (collectively "the company"). Intercompany accounts and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATIONS OF CREDIT RISK

The company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Additionally, the company maintains money market accounts which are not insured. The company has not experienced any losses in such accounts. The company believes it is not exposed to any significant credit risk on cash.

The company grants credit to its customers, some of which are located in foreign markets. Such receivables are generally unsecured.

CASH MANAGEMENT

The company reduces its cash balance when checks are disbursed. Due to the time delay in checks clearing the bank, the company may maintain a negative cash balance on its books, which is reported as a liability in the accompanying financial statements. Checks issued in excess of bank balance includes $0 of checks not yet presented for payment drawn in excess of cash balances at September 30, 2018.

INVENTORY

The company adopted the provisions of FASB ASU 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. The provisions of ASU 2015-11 require inventory, for which cost is measured using a method other than the LIFO or retail method, to be subsequently measured at the lower of cost or net realizable value. The adoption of these provisions have been prospectively applied and did not have a material impact on the accompanying financial statements.

Supplies and parts, solar panels and finished goods inventory is based on a physical count and stated at the lower of cost or net realizable value. Finished goods include costs for direct labor, materials and allocated production overhead. Battery inventory is based on physical count and stated at the lower of cost, using the moving average cost method, or net realizable value.

DEPRECIATION AND AMORTIZATION

Depreciation of property and equipment is provided on the straight-line method using the following estimated useful lives:

Solar power systems – 25 years

Machinery and equipment – 3-7 years

Motor vehicles – 3-5 years

Furniture and office equipment – 3 years

Leasehold improvements are being amortized using the straight-line method over the lesser of the estimated length of the related lease or estimated useful life of the asset.

Costs related to long-term capital asset projects are recorded as assets under construction. Once the underlying project is complete and the asset is placed in service, the costs will be depreciated.

INVESTMENTS

The company owns a 10% membership interest in Silicon Energy, LLC. During 2017, the company owned a 3.2205% interest in Mojo Networks, Inc. (formally known as AirTight Networks, Inc.). In 2018, the company sold its interest, resulting in a gain of $1,419,000. The company periodically evaluates their investments for potential impairment. An impairment loss would be recognized as the amount by which the cost of the investments exceeds the fair market value.

INTANGIBLE ASSETS

Amortization of intangible assets is provided on the straight-line method using the following expected benefit period:

Non-compete agreement – 5 years

GOODWILL

The excess of the purchase price over the fair market value of intangible assets, tangible assets and assumed liabilities in a business combination is allocated to goodwill. Goodwill is analyzed upon the occurrence of events or circumstances indicating that an impairment may exist. Impairment losses, if any, are recorded in the consolidated statement of income as part of income from operations. The company has adopted the provisions of FASB ASC 350-20, Goodwill and Other. The provisions allow for the company to assess qualitative factors to determine whether it is more likely than not that evidence of goodwill impairment exists.

The company has adopted the accounting alternative provisions of FASB ASC 350-20, Goodwill and Other, relating to the subsequent measurement of goodwill. Under the alternative provisions of ASC 350-20, goodwill is amortized on a straight-line basis over the shorter of the estimated useful life or ten years (Note 7). Goodwill is amortized on a straight-line basis over ten years.

WARRANTIES

The company records a liability for an estimate of costs that it expects to incur under its basic limited warranty when product revenue is recognized. Factors affecting the company's warranty liability include the number of units sold and historical and anticipated rates of claims and costs per claim. The company periodically assesses the adequacy of its warranty liability based on changes in these factors.

FOREIGN OPERATIONS

The accounting records of Alpha Tech Energy Solutions India Pvt. Ltd. are maintained in the local currencies of the Republic of India (Rupee) and Singapore (Singapore dollar). The accounting records of Alpha Technologies Pty. Ltd. are maintained in the local currency of Australia (AUD). The accounting records of Alpha Innovations Pty. Ltd. are maintained in the local currency of the Federature Republic of Brazil (Real). The accounting records of Alpha Innovations Mexico are maintained in the local currency of Mexico (Peso). The financial position and operating results of these entities are consolidated using their respective local currency as the functional currency.

Accounting standards require the financial statements of these foreign subsidiaries, be translated into U.S. dollars (reporting currency). The accompanying financial statements include amounts attributable to the foreign subsidiaries that have been translated into U.S. dollars using an average annual exchange rate for the statement of income, the exchange rate at September 30, 2018 for the balance sheet, and the historical exchange rate for equity transactions. The translation is included in accumulated other comprehensive income.

Foreign operations related to foreign subsidiaries consist of net sales equivalent to approximately $7,223,000 and $8,495,000 and a net loss of approximately $3,393,000 and $986,000 for the 9 months ended September 30, 2018 and 2017, respectively. Assets located outside of the United States totaled approximately $10,373,000 at September 30, 2018.

Foreign operations are subject to risks inherent in operating under different legal systems and various political and economic environments. Among the risks are changes in existing tax laws, possible limitations on foreign investment and income repatriation, government price or foreign exchange controls and restrictions on currency exchange.

REVENUE RECOGNITION

Revenue for the sale of finished goods, batteries and certain solar panels is recognized upon shipment of products to customers when all significant contractual obligations have been satisfied and collection is reasonably assured. Service and repair revenue is recorded as customers are invoiced for work performed. Revenue from software licensing agreements is recognized over the length of the contract, typically one to three years.

Revenue from utility audits, carbon audits and other energy management services is recognized when earned which is when the company has persuasive evidence of an arrangement, services have been performed, the sales price has been fixed or determinable and collectability is reasonably assured.

Revenues from fixed price contracts are recorded on the basis of management's estimates of the percentage-of-completion of individual contracts, commencing when progress reaches a point where experience is sufficient to estimate final results with reasonable accuracy. Management's estimates of the percentage-of-completion of individual contracts are based primarily upon the relationship of costs incurred to date compared with total estimated costs. Estimated total cost is a significant estimate which affects the recognition of contract profit or loss for each contract. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and revenues in the succeeding year. Because of the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change in the near term. Revisions in cost and profit estimates during the course of the work are reflected in the accounting period in which the facts which require the revisions become known. When it becomes apparent that a loss on a contract will be incurred, the entire estimated loss is recorded. Work performed under fixed price contracts are generally less than one year in duration.

Contract costs include all direct materials, subcontractor and labor costs, and those indirect costs related to contract performance, such as equipment rental, supplies, tools and repairs. Included in inventory are certain direct solar panel and product materials purchased but not yet installed and charged to the job. General and administrative costs are charged to expense as incurred.

Unbilled receivables represent revenues earned in excess of amounts billed.

Deferred revenue represents amounts invoiced or collected in excess of revenues recognized.

SHIPPING AND HANDLING COSTS

Revenues generated from shipping and handling costs charged to customers are included in sales and amounted to approximately $710,000 and $950,000 for the 9 months ended September 30, 2018 and 2017, respectively. Shipping and handling costs for outbound and inbound shipping charges are included in operating expenses and amounted to approximately $2,452,000 and $2,682,000 for the 9 months ended September 30, 2018 and 2017, respectively.

TAXES COLLECTED FROM CUSTOMERS AND REMITTED TO GOVERNMENTAL AUTHORITIES

The company accounts for the collection and remittance of all taxes on a net basis. As a result, these amounts are not reflected in the consolidated statement of income and comprehensive income.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers. In general, this standard will require the company to recognize revenue when it transfers goods or services to customers in the amount of anticipated consideration in which the company is entitled. This standard also requires additional disclosure requirements that result in the company providing financial statement users comprehensive information regarding the nature, amount, timing and uncertainty of revenue and cash flow from the company's contracts with customers. This standard will be effective for the calendar year ended December 31, 2019 with retrospective application required. The company is still in the process of evaluating the impact of the standard on the financial statements but does not anticipate it to be material.

In February 2016, the FASB issued ASU 2016-02, Leases. In general, this standard requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. This standard will be effective for the calendar year ended December 31, 2020 with retrospective application required. The company has not determined the impact of adopting this standard on the accompanying financial statements.

RECLASSIFICATIONS

Certain amounts reported in the prior year have been reclassified to conform to the current period's presentation.

Note 2 – RECEIVABLES

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to income and an increase in the valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of accounts receivable.

Receivables at September 30, 2018 consists of the following:

		2018
Receivables	$	66,579,196
Less allowance for doubtful accounts		(966,515)
Receivables, net	$	65,612,681

Amounts due from two customers comprise 57% of receivables at September 30, 2018.

Note 3 – INVENTORY

Inventory at September 30, 2018 consists of the following:

		2018
Batteries	$	11,757,099
Supplies and parts		5,831,889
Finished goods		3,110,004
Solar panels		194,480
Less allowance for inventory obsolescence		(1,056,000)
Total	$	19,837,472

Note 4 – CONTRACTS IN PROGRESS

Information with respect to contracts in progress at September 30, 2018 is as follows:

		2018
Costs incurred on contracts in progress	$	38,569,527
Estimated gross profit		9,962,651
Earned revenue		48,532,178
Less billings to date		(43,167,271)
Unbilled receivables, net	$	5,364,907

Backlog on contracts in progress was $30,032,188 September 30, 2018.

Note 5 – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2018 consists of the following:

		2018
Solar power systems	$	4,260,608
Machinery and equipment		5,012,535
Leasehold improvements		2,026,027
Assets under construction		16,236
Motor vehicles		552,674
Furniture and office equipment		675,149
Total property and equipment, at cost		12,543,229
Less accumulated depreciation and amortization		(5,505,585)
Net property and equipment	$	7,037,644

The accompanying consolidated financial statements include depreciation and amortization expense related to property and equipment of $744,950 and $611,490 for the 9 months ended September 30, 2018 and 2017, respectively.

Note 6 – INTANGIBLE ASSETS

Intangible assets at September 30, 2018 consist of the following:

		2018
Non-compete agreement	$	201,514
Less accumulated amortization		(72,709)
Intangible assets, net	$	128,805

The company incurred amortization expense of $12,007 and $494 for the 9 months ended September 30, 2018 and 2017, respectively.

Note 7 – GOODWILL

Goodwill at September 30, 2018 consists of the following:

		2018
Goodwill	$	16,139,567
Less accumulated amortization		(9,017,925)
Net goodwill	$	7,121,642

The company incurred amortization expense of $1,202,745 and $1,210,469 for the 9 months ended September 30, 2018 and 2017, respectively.

Note 8 – ACCOUNTS PAYABLE & ACCRUED LIABILITIES

Accounts payable and accrued liabilities at September 30, 2018 consists of the following:

		2018
Accounts Payable - Trade	$	21,506,130
Accounts Payable - Related Party (See Note 16)		22,759,493
Accrued Expenses		19,806,317
Warranty		852,322
Other Payables		843,938
Total	$	65,768,200

Note 9 – LINE OF CREDIT

The company maintains a $15,000,000 revolving line of credit agreement with Bank of America, N.A. which is based on eligible collateral. The interest rate was 3.67% at September 30, 2018 and varies at the LIBOR Daily Floating Rate plus 1.50%. The line of credit matures January 31, 2019 and is collateralized by substantially all company assets. The outstanding balance was $0 at September 30, 2018.

The line of credit includes provisions for standby letters of credit. The maximum amount of all letters of credit, including any partial draws under the letters of credit, is limited to $3,000,000 and have terms not to exceed 365 days beyond the maturity of the line of credit. There were no letters of credit outstanding at September 30, 2018.

The line of credit agreement contains covenants which require the company to maintain certain financial ratios. The company was in compliance with the financial covenants at September 30, 2018.

Note 10 – WARRANTY PROVISION

The company maintains a warranty provision on certain product sales for a maximum period of five years from completion of the work. The company recognizes warranty expense for claims incurred and estimated future claims. Approximate warranty costs at September 30, 2018 are as follows:

		2018
Balance, beginning of year	$	881,053
Claims paid during period		(44,729)
Additional warranties issued		15,998
Balance, end of period	$	852,322

Note 11 – LONG-TERM DEBT

Long-term debt at September 30, 2018 consists of the following:

		2018
Third Party:		
Note payable to Altair Advanced Industries, Inc., 6%, due in monthly installments of $201,351 including interest, matures March 2019 with option to extend for one additional year, unsecured	$	991,828
Related Parties:		
OutBack Power Technologies, Inc.		
Note payable to Alpha Technologies, Inc., 5%, interest payments due annually, principal and accrued interest due June 2019, unsecured, subordinated to Bank of America, N.A.		10,000,000
Coppervale Enterprises, Inc.		
Note payable to Alpha Technologies, Inc., 5%, interest payments due annually, principal and accrued interest due July 2019, unsecured, subordinated to Bank of America, N.A.		400,000
Alpha Tech Energy Solutions India Pvt. Ltd.		
Revolving note payable to Alpha Technologies, Inc., 5% interest payments due annually, principal and accrued interest due December 2021, unsecured		3,578,738
Alpha Innovations Pty. Ltd.		
Note payable to Alpha Technologies, Inc., 5%, interest payments due annually, principal and accrued interest due on maturity dates ranging from May 2018 to September 2021, unsecured		5,582,595
Alpha Innovations Mexico		
Revolving note payable to Alpha Technologies, Inc., 5% interest payments due annually, principal and accrued interest due November 2018, unsecured		49,323
Total Long Term Debt		20,602,484
Less current portion		(15,581,207)
Long-term portion	$	5,021,277

Note 12 – REVENUE CONCENTRATION

Two customers comprised approximately 65% and 61% of the company's revenues for the 9 months ended September 30, 2018 and 2017, respectively.

Note 13 – SUPPLIER CONCENTRATION

The company obtained approximately 13% of its inventory purchases from one supplier during each of the 9 month periods ended September 30, 2018 and 2017. Management believes other suppliers could provide similar products on comparable terms. A change in suppliers, however, could cause a delay in shipping and a possible loss of sales, which could affect operating results adversely.

Note 14 – LEASE COMMITMENTS

The company leases service depot facilities in Washington, Arizona, Florida, Georgia, New Jersey, and Texas and warehouse facilities in New Mexico, from various parties. The leases expire from October 2018 to March 2027. The leases currently call for combined monthly payments of approximately $104,500, with scheduled annual increases. The company is responsible for all expenses related to occupancy including taxes, insurance, utilities and maintenance.

Under the terms of the lease for facilities in Arlington, Washington, the company received $300,000 in rent abatement from February 2013 through September 2014. The lease also calls for scheduled rent increases. Accounting principles generally accepted in the United States of America require lease payments to be recognized on a straight-line basis over the term of the lease. The difference between the actual lease payments and the amount that is required to be recognized as expense is recorded as deferred rent on the consolidated balance sheet.

Alpha Tech Energy Solutions India Pvt. Ltd. leases office and warehouse facilities in Bangalore, India, under operating agreements expiring through April 2021. The leases currently call for combined monthly rental payments of approximately $7,500 with scheduled annual increases. The company is responsible for all expenses related to occupancy including taxes, insurance, utilities and maintenance.

Alpha Innovations Mexico S. de R.L. de C.V. leases office space in Toluca, Mexico, expiring January 2020. The lease calls for monthly payments of approximately $1,300. The company is responsible for all expenses related to occupancy, including taxes, insurance, utilities and maintenance.

Alpha Innovations Industria e Comercio de Produtos Electronicos LTDA. leases warehouse facilities in Minas Gerais, Brazil and office space in Sao Paulo, Brazil. The leases currently call for monthly rental payments of approximately $4,900. The company is responsible for all expenses related to occupancy including taxes, insurance, utilities and maintenance.

The company leases vehicles under noncancellable operating leases with terms ranging from 24 months to 48 months. The leases currently call for combined monthly payments of approximately $20,800.

The accompanying consolidated financial statements include total rent expense of approximately $1,249,000 and $1,123,000 relating to these leases for the 9 months ended September 30, 2018 and 2017, respectively.

Note 15 – EMPLOYEE BENEFIT PLAN

The company participates in a defined contribution profit-sharing plan, including 401(k) provisions, covering qualified employees which allows for contributions by the company and voluntary contributions by employees. The company matches 50% of employee contributions to the plan limited to a match of $5,000 per eligible employee. Employer contributions to the plan were approximately $236,000 and $203,000 for the 9 months ended September 30, 2018 and 2017, respectively.

Note 16 – RELATED PARTY TRANSACTIONS

The company maintains the following service agreements with Alpha Technologies, Inc. (ATI) and Comm/Net, Inc. (CNN) for general management support and product management support, respectively, to the company:

a) Management Support Services Agreement between ATI and Alpha Technologies Services, Inc. effective as of July 1, 2000, and amended on January 8, 2016 with an effective date of January 1, 2016.

b) Management Support Services between ATI and Outback Power Technologies, Inc. effective as of July 13, 2010, and amended January 14, 2014 with an effective date of January 1, 2014.

c) Product Management Services Agreement between CNN and Alpha Technologies Services, Inc. effective as of January 1, 2002, and amended January 8, 2016 with an effective date of January 1, 2016.

d) Management Support Services Agreement between ATI and Coppervale Enterprises, Inc. effective as of January 1, 2010.

e) Management support services agreement between ATI and Alpha Innovations Mexico effective as of January 1, 2017.

The agreements continue for successive yearly terms. Either party may terminate the agreements at any time upon 90 days written notice.

Total management fees paid during the nine months in relation to the above agreements were $19,243,000 and $11,674,000 for the 9 months ended September 30, 2018 and 2017, respectively.

At September 30, 2018, $156,779, is due from ATI and CNN and is included in accounts receivable.

At September 30, 2018, $22,759,493, is due to ATI and CNN and is included in accounts payable.

During the 9 months ended September 30, 2018 and 2017, the company recorded revenues of approximately $1,409,000 and $1,421,000, respectively, for services provided to Alphatec Ltd., the stockholder. At September 30, 2018, $326,886, is due from Alphatec Ltd., and is included in accounts receivable.

These related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balances outstanding are unsecured, non-interest bearing have no stated terms of repayment and have arisen as a result of services referred to above.

Note 17 – OTHER INCOME

Between 2009 and 2013, the company completed the installation of several company-owned solar panel systems. These solar panel systems are considered renewable energy systems. Under federal law, there are certain environmental credits associated with each kilowatt-hour (kWh) of electricity produced by the solar panel systems. Under the terms of the sale and installation agreements, the company has assigned title and ownership of any and all environmental credits associated with the solar panel systems to certain utility agencies in exchange for one time incentive payments. The incentive payments related to the assignment of these rights totaled $54,372 and $20,980 in the 9 months ended September 30, 2018 and 2017, respectively. Under terms of the sale agreements, the company must maintain and operate the solar panel systems for 20 years. If the systems are not appropriately maintained, the company could be charged penalties and damages by the utility agencies.

Note 18 – EMPLOYEE AGREEMENTS

The company maintains a Supplemental Executive Bonus Plan (the "plan") for key employees. Admittance into the plan is at management's discretion. Contributions to the plan are based on an annual bonus amount that varies by participant (as defined in the plan) and subject to continued employment by the key employee, vesting requirements and continuation of the plan at the discretion of the company. Contributions are paid out to participants following a five year vesting period and before the due date of the company's federal income tax return. At September 30, 2018 and 2017, the deferred compensation liability related to this agreement was $90,000 and $108,000, respectively.

Note 19 – CONTINGENCIES

The company may be involved in various legal matters and subject to certain contingencies in the normal course of business, some of which are covered by insurance. Management believes that the outcome of any matters will not have a material impact on the company's financial position.

Note 20 – SUBSEQUENT EVENTS

Effective October 29, 2018, the company entered into a definitive agreement to sell all issued and outstanding shares to EnerSys, a Delaware corporation. This acquisition was completed on December 7, 2018.

Management has evaluated subsequent events through February 22, 2019, the date the financial statements were available to be issued.

REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS FOR

ALTAIR ADVANCED INDUSTRIES, INC.

December 31, 2017

MOSSADAMS

REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS FOR

ALTAIR ADVANCED INDUSTRIES, INC.

December 31, 2017

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MOSSADAMS

Report of Independent Auditors

To the Stockholder
Altair Advanced Industries, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Altair Advanced Industries, Inc. (the Company), which comprise the balance sheet as of December 31, 2017, and the related statement of income, changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Altair Advanced Industries, Inc. as of December 31, 2017, 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.

Moss Adams LLP

Bellingham, Washington
April 26, 2018

Altair Advanced Industries, Inc.
Balance Sheet
December 31, 2017

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	2,000
Accounts receivable		
Trade, net		16,734,639
Allied companies		8,969,707
Inventories, net		33,160,163
Prepaid expenses and other		1,101,669
Current portion of related party notes receivable		2,316,263
Income taxes receivable		785,275
Other		90,000
Total current assets		63,159,716
PROPERTY AND EQUIPMENT, net		20,784,261
OTHER ASSETS		
Notes receivable, net		
Related party, net		399,702
Third party		80,000
Deferred income taxes, net		-
Total other assets		479,702
TOTAL ASSETS	$	84,423,679

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES		
Checks in excess of bank balance	$	861,736
Accounts payable		
Trade		18,288,991
Allied companies		3,956,021
Accrued liabilities		8,970,079
Commissions payable to allied companies		437,285
Income taxes payable		-
Line of credit		-
Total current liabilities		32,514,112
DEFERRED INCOME TAXES, net		124,212
LONG-TERM DEBT		39,714,082
Total liabilities		72,352,406
COMMITMENTS AND CONTINGENCIES (Notes 13 and 16)		
STOCKHOLDER'S EQUITY		
Common stock, no par value; 50,000 authorized shares; 505 shares issued and outstanding		1,010
Additional paid-in capital		1,141,907
Retained earnings		10,928,356
Total stockholder's equity		12,071,273
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$	84,423,679

See accompanying notes.

Altair Advanced Industries, Inc.
Statement of Income
Year Ended December 31, 2017

SALES, net	$ 186,796,093
COSTS OF GOODS SOLD	130,865,878
GROSS MARGIN	55,930,215
OPERATING EXPENSES	
Allied management fees and commissions	40,936,886
Related party commissions	1,091,848
General and administrative	12,754,084
Bad debt expense - related party notes receivable and accrued interest	-
Gain on sale of property and equipment, net	(2,220,150)
Total operating expenses	52,562,668
INCOME FROM OPERATIONS	3,367,547
OTHER INCOME (EXPENSE)	
Interest expense	(3,499,488)
Interest income	296,419
Other income, net	547,570
Total other expense, net	(2,655,499)
INCOME BEFORE INCOME TAXES	712,048
INCOME TAX EXPENSE (BENEFIT)	
Current	(195,288)
Deferred	376,511
Total income tax expense, net	181,223
NET INCOME	$ 530,825

See accompanying notes.

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
BALANCE, December 31, 2016	$ 1,010	$ 1,141,907	$ 10,397,531	$ 11,540,448
Net income	-	-	530,825	530,825
BALANCE, December 31, 2017	$ 1,010	$ 1,141,907	$ 10,928,356	$ 12,071,273

Altair Advanced Industries, Inc.
Statement of Cash Flows
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 530,825
Adjustments to reconcile net income to net cash from (used in) operating activities	
Depreciation and amortization	6,989,559
Change in allowance for doubtful accounts – third parties	(90)
Change in allowance for doubtful accounts – related parties	110,000
Interest accrued on notes receivable	(110,000)
Change in inventory reserve	(42,575)
Gain on sale of property and equipment	(2,220,150)
Deferred income taxes	376,511
Write-off of notes receivable	-
Changes in operating assets and liabilities	
Accounts receivable	3,197,724
Inventories	1,202,753
Prepaid expenses and other	(270,951)
Checks in excess of bank balance	(1,518,181)
Accounts payable	2,148,644
Accrued and other current liabilities	(1,797,742)
Income tax receivable/payable	(1,654,942)
Net cash flows from (used in) operating activities	6,941,385
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(5,277,208)
Proceeds from the sale of equipment	2,220,150
Repayments of notes receivable	1,912,090
Net cash flows from (used in) investing activities	(1,144,968)
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings on operating line of credit	61,962,709
Repayments on operating line of credit	(67,759,126)
Net cash flows from financing activities	(5,796,417)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-
CASH AND CASH EQUIVALENTS, beginning of year	2,000
CASH AND CASH EQUIVALENTS, end of year	$ 2,000
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid for interest	$ 5,726,475
Cash paid for income taxes	$ 1,475,000
NONCASH INVESTING AND FINANCING ACTIVITIES	
Trade accounts receivable converted to notes receivable	$ -

See accompanying notes.

Note 1 – Operations

Altair Advanced Industries, Inc. (the Company or Altair) manufactures and distributes power supplies and power related equipment to the cable and telecommunications industries under a license from Alpha Technologies, Inc. (ATI). These products provide power conditioning and emergency backup power applications to these industries. The Company sells its products in the United States as well as internationally.

Note 2 – Summary of Significant Accounting Policies

Cash and cash equivalents – The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Variable interest entities – The Company applies the guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810-10, Variable Interest Entities. The guidance requires a qualitative approach to identifying a controlling financial interest in a variable interest entity (VIE) and requires an ongoing assessment of the primary beneficiary of the VIE based on an evaluation to determine whether an entity has: (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In determining whether an entity has the power to direct the activities of the VIE that most significantly affect the VIE's performance, the guidance requires a reporting entity to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed. The guidance also requires: (a) separate presentation on the face of the statement of financial position of certain assets and liabilities of a consolidated VIE, (b) disclosure of the significant judgments and assumptions made by an enterprise in its determination as to whether or not the enterprise is the primary beneficiary of a VIE, and (c) additional expanded disclosures regarding the enterprise's involvement with a VIE.

Management evaluates the Company's explicit and implicit variable interests to determine if they have any variable interests in VIEs. Variable interests are contractual, ownership, or other pecuniary interest in an entity whose value changes with changes in the fair value of the entity's net assets, exclusive of variable interests. Explicit variable interests are those which directly absorb the variability of a VIE and can include contractual interests such as loans or guarantees as well as equity investments. An implicit variable interest acts the same as an explicit variable interest except it involves the absorbing of variability indirectly, such as through related-party arrangements or implicit guarantees. The analysis includes consideration of the design of the entity, its organizational structure, including decision making ability over the activities that most significantly impact the VIE's economic performance. Generally accepted accounting principles require a reporting entity to consolidate a VIE when the reporting entity has a variable interest, or combination of variable interests, that provides it with a controlling financial interest in the VIE. The entity that consolidates a VIE is referred to as the primary beneficiary of that VIE. Refer to Note 16 for the Company's evaluation of variable interests.

Note 2 – Summary of Significant Accounting Policies (continued)

Trade accounts receivable – Accounts receivable are generally due within 30 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Company does not charge interest on accounts receivable.

Inventories – The Company measures inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The use of standard cost approximates costs determined on a first-in, first-out basis. Standard costs are developed based upon actual prices paid for product and estimates of labor and overhead for each product, and are re-evaluated on a semi-annual basis. Allowances are provided for physical obsolescence, damaged, and slow moving inventories.

Property and equipment – Property and equipment are recorded at cost, with all significant acquisitions, renovations and repairs which extend the useful life of assets being capitalized. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives ranging from three to seven years. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes, but accelerated methods are used for tax purposes. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the lease or the estimated useful life.

Long-lived assets – In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 360-10-35, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of any impairment generally would include a comparison of the present value of expected future cash flows anticipated to be generated during the remaining life with the net carrying value of the asset. No such impairment losses were recorded by the Company in 2017.

Product warranties – The Company records a liability for an estimate of costs that it expects to incur under its basic limited warranty when product revenue is recognized. Factors affecting the Company's warranty liability include the number of units sold, historical and anticipated rates of claims, and costs per claim. The Company periodically assesses the adequacy of its warranty liability based on changes in these factors. Warranty expense is recorded based upon actual claims.

Revenue recognition – Revenue is recognized at the time the earnings process is substantially complete, which is generally at the time the product is shipped. Related costs are recorded at the time revenue is recognized. Revenue recorded is presented net of sales and other taxes the Company collects on behalf of governmental authorities.

Note 2 – Summary of Significant Accounting Policies (continued)

Shipping and handling revenues and costs – Revenues generated from shipping and handling costs charged to customers are included in sales and amounted to $1,125,476 for the year ended December 31, 2017. Shipping and handling costs for outbound and inbound shipping charges are included in cost of sales and amounted to $3,221,236 dor the year ended December 31, 2017.

Federal income tax – The Company accounts for income taxes under the asset and liability method. Income taxes and related assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Allowances are provided for certain deferred tax assets that are not expected to be realized.

The Company accounts for uncertainty in income taxes according to the provisions of ASC 740-10, Income Taxes. The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company adheres to the revised standards under FASB Accounting Standards Update No. 2015-17, Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes. Under this standard, a classified statement of financial position, an entity shall classify deferred tax liabilities and assets as noncurrent amounts. In accordance with ASU 2015-07, the Company has classified all deferred tax amounts as noncurrent.

Use of estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for doubtful accounts, inventory reserves, product liability warranty, and sales incentives.

Reclassifications – Certain amounts reported in the prior year have been reclassified to conform to the current year presentation. The reclassifications had no effect on previously reported net income.

Note 2 – Summary of Significant Accounting Policies (continued)

Recent accounting pronouncements – In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases, which provides new guidelines that change the accounting for leasing arrangements. ASU 2016-02 primarily changes the accounting for lessees, requiring lessees to record assets and liabilities on the balance sheet for most leases. This standard is effective for nonpublic entities for annual reporting periods beginning on or after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. The Company is currently evaluating the impact of the standard on the financial statements.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which is a comprehensive new revenue recognition standard. The new standard allows for a full retrospective approach to transition or a modified retrospective approach. This guidance is effective for nonpublic entities for annual reporting periods beginning on or after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company is currently evaluating the impact of the standard on the financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

The Company has evaluated subsequent events through April 26, 2018, which is the date the financial statements were available to be issued.

Note 3 – Allied Company Transactions

The Company is a member of the Alpha Group (allied companies), an alliance of independent companies to develop and manufacture power solutions.

The Company has a licensing agreement with ATI (an allied company), its wholly-owned subsidiaries and other parties related to ATI through common ownership, to manufacture and sell power supplies and power related equipment. ATI provides sales, marketing, engineering, accounting, and general management support to the Company.

Note 3 – Allied Company Transactions (continued)

For the year ended December 31, 2017, the Company had management fee agreements with ATI as follows:

	January 1, 2017 through December 31, 2017
Accounting and general management support fees [a]	3%
Engineering support fees [b]	10%
Sales and marketing support fees [b]	8%

a – Percentage based on the Company's gross sales less any sales to allied companies
b – Percentage based on the sales value of ATI units produced and sold by the Company, less any sales to allied companies

The management fee agreements continue for successive yearly terms. Either party may terminate the agreements at any time upon 90 days' written notice. Termination of the agreements could have a material adverse effect on the Company's business.

Additionally, the Company has commission and fee arrangements attributable to product sales with third party manufacturing representative firms. Manufacturing representatives earn commissions ranging from 0.5% to 10.0% on sales of products in their territories which are payable to the representatives upon the receipt of cash for the sale. The Company contracts with ATI to administer its commission program for the third party manufacturing representative firms. The Company's commission arrangement with ATI requires commissions of up to 1.0% be paid on domestic sales.

Transactions and balances with allied companies as of and for the year ended December 31, 2017, were as follows:

Sales	$ 29,969,179
Material purchases	43,784,171
Management fees	34,223,863
Commission expense	6,713,023
Other income	556,596
Accounts receivable	8,969,707
Notes receivable	2,715,965
Accounts payable and accrued expenses	3,956,021
Commissions payable	437,285

Note 4 – Accounts Receivable

Trade receivables relate to sales of finished goods to non-allied companies and consist of the following at December 31, 2017:

Trade receivables	$ 17,167,627
Less allowance for doubtful accounts	(432,988)
Trade receivables, net	$ 16,734,639

Note 5 – Inventories

Inventories consist of the following at December 31, 2017:

Raw materials	$ 26,915,785
Finished goods	8,677,053
	35,592,838
Inventory reserves	(2,432,675)
	$ 33,160,163

Note 6 – Property and Equipment

Property and equipment, net consist of the following at December 31, 2017:

Aircraft	$ 50,180,120
Machinery and equipment	9,927,949
Office furniture and equipment	725,705
Leasehold improvements	1,714,063
	62,547,837
Accumulated depreciation and amortization	(41,763,576)
	$ 20,784,261

Note 7 – Notes Receivable

Notes receivable consist of the following at December 31, 2017:

Allied Party: Interest bearing note receivable from Outback Power Technologies, Inc., a wholly-owned subsidiary of ATI, with monthly payments due from the borrower of $201,351, which include principal and interest, which is accrued at 6% per annum. The note matures in February 2019.	$	2,715,965
Third Party: Non-interest bearing note receivable from CE+T America, Inc. (related party to ATI), annual installment requirements are calculated based on the financial performance of CE+T America, Inc., as defined in the terms of the agreement.		80,000
Total notes receivable		2,795,965
Less current portion		2,316,263
Long-term portion	$	479,702

Interest income earned on the related-party notes receivable was $110,000 for the year ended December 31, 2017. Interest receivable, net of the applicable reserve, on the related-party note receivable at December 31, 2017, was $-0-.

Note 8 – Accrued Liabilities

Accrued liabilities to non-allied companies consist of the following at December 31, 2017:

Accrued interest	$	2,525,347
Product warranty liability		2,075,000
Other accrued liabilities		1,714,717
Payroll and related taxes		1,567,892
Accrued related party commissions		1,087,123
	$	8,970,079

Note 8 – Accrued Liabilities (continued)

The changes in the Company's product warranty liability are as follows for the year ended December 31, 2017:

Estimated liability, beginning of year	$ 2,075,000
Estimated expense for warranties issued	645,405
Warranty claims	(645,405)
Estimated liability, end of year	$ 2,075,000

Note 9 – Operating Line of Credit

The Company has a revolving line of credit agreement with a bank. Under the agreement, the Company may borrow up to $15,000,000, with advances collateralized by the Company's accounts receivable, inventories, and equipment, as well as a commercial guarantee provided by the Company's stockholder, and subordination agreements from Alphatec, Ltd. – Cyprus and Advanced Aviation, related to the notes outstanding at year end (Note 10). The revolving line of credit bears interest at BBA LIBOR daily floating rate (0.69% at December 31, 2017) plus 1.50% at December 31, 2017, and matures January 31, 2019. The outstanding balance on this revolving line of credit was $-0- at December 31, 2017. The revolving line of credit is subject to certain financial measurement covenants.

Note 10 – Long-Term Debt

Long-term debt consists of the following at December 31, 2017:

Note payable to Alphatec, Ltd. – Cyprus (related party to ATI); payments of accrued interest at a rate of 8.5% due annually; principal and remaining accrued interest due December 31, 2019. The note is unsecured.	$ 24,714,082
Note payable to Alphatec, Ltd. – Cyprus (related party to ATI); payments of accrued interest at a rate of 10% due annually; principal and remaining accrued interest due December 31, 2019. The note is unsecured.	10,000,000
Note payable to Advanced Aviation (related party to ATI); payments of accrued interest at a rate of 6.5%, due annually; principal and remaining accrued interest due June 30, 2019. The note is unsecured.	5,000,000
	$ 39,714,082

Aggregate maturities of long-term debt are as follows:

Year Ending December 31,	
2018	$ -
2019	39,714,082
	$ 39,714,082

Note 11 – Income Taxes

Deferred tax assets and liabilities consist of the following at December 31, 2017:

Deferred income tax assets:	
Inventories basis	$ 1,253,234
Related party note receivable allowance	878,094
Inventory reserve	516,709
Warranty reserve	440,737
Allowance for doubtful accounts	91,968
Accrued expenses	99,059
Alternative minimum tax credit	-
	3,279,801
Deferred income tax liabilities:	
Property and equipment basis and depreciation differences	(3,250,457)
Prepaid expenses	(153,556)
	(3,404,013)
Net deferred income tax asset (liability)	$ (124,212)

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the Tax Act). The main provision of the Tax Act is the reduction of the maximum federal tax rate from 35% to a flat tax of 21%. The Company has reflected the ending gross deferred tax assets and liabilities from a 34% federal tax rate to a flat 21% tax rate at December 31, 2017. As a result, the deferred tax assets and liabilities decreased by $75,792 at December 31, 2017; the Company has recorded $75,792 of income tax benefit related to the Tax Act during the year ended December 31, 2017. No valuation allowance has been established for the above deferred tax assets as the Company believes it is more likely than not that such assets will be realized in the future.

The reconciliation of income tax computed at the U.S. federal statutory tax rate to income tax expense is as follows:

Tax at U.S. statutory rate	$ 242,096
Increase (decrease) in tax resulting from:	
State taxes	(538)
Permanent differences	(48,731)
Tax Reform – tax rate change	(75,792)
Other adjustments	64,188
	$ 181,223

Note 11 – Income Taxes (continued)

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. Management believes the Company does not have any material uncertain tax positions. As of December 31, 2017, there is no tax related accrued interest or penalties recorded in the financial statements.

Note 12 – Related-Party Transactions

The Company is related to Altair Energy, Inc. through common ownership. During the year ended December 31, 2017, the Company purchased $486,753, of inventories from Altair Energy, Inc. The Company had a payable balance due to Altair Energy, Inc. of $189,917 as of December 31, 2017.

GB DSC, Inc. was formed during 2012 and is related to the Company through common ownership. GB DSC, Inc. is a Domestic Sales Corporation responsible for facilitating certain aspects of the Company's foreign sales activities. The Company incurred a commission expense to GB DSC, Inc. of $1,091,848 for the year ended December 31, 2017. The Company had accrued commissions payable to GB DSC, Inc. of $1,091,848 as of December 31, 2017.

Argus DSC, Inc., a wholly-owned subsidiary of Argus Technologies, Inc., was formed during 2014 and is related to the Company through common ownership. Argus DSC, Inc. is a Domestic Sales Corporation responsible for facilitating certain aspects of the Company's foreign sales activities. The Company incurred $280 of purchases to Argus DSC, Inc. for the year ended December 31, 2017.

The Company is related to Bravo Electric Vehicles through common ownership. The Company had a payable balance to Bravo Electric Vehicles of $35,122 as of December 31, 2017.

See Note 7 for related-party notes receivable and Note 13 for related-party operating leases.

Note 13 – Commitments and Contingencies

Operating lease obligations – The Company conducts its operations in facilities leased from both related and third parties. The leases are treated as operating leases and expire at various dates. The following is a schedule of future rental payments under such operating leases.

Year Ending December 31,	Related Parties	Third Parties	Total
2018	$ 474,679	$ 553,181	$ 1,027,860
2019	474,679	119,669	594,348
2020	474,679	60,719	535,398
2019	474,679	-	474,679
2020	474,679	-	474,679
	$ 2,373,395	$ 733,569	$ 3,106,964

Total rent expense under operating leases amounted to $1,051,000, including $474,679 paid to a related party each year, for the year ended December 31, 2017.

The Company sub-leases a portion of its facilities and had rental income that amounted to $150,120 for the year ended December 31, 2017

Medical plan – The Company is self-insured for medical coverage of employees through a third party administrator. Stop-loss insurance is carried by the Company, which assumes liability for claims between $125,000 and $1,000,000 per individual or on an aggregate basis based on the monthly employee population included within the plan. As of December 31, 2017, the Company accrued $460,606 and $318,888, respectively, for the self-insured medical insurance. Self-insured medical claims paid by the Company during 2017 amounted to $1,782,378, net of recoveries.

Loan commitment – Under the terms of the revolving note receivable agreement between the Company and Argus Technologies, Inc., as stated in Note 16, the Company has committed to fund up to $6 million through June 28, 2019 to Argus Technologies, Inc. At December 31, 2017, the unused portion of the revolving note receivable agreement was $3.8 million.

Note 14 – Employee Benefit Plan

Effective October 1, 2015, the Company merged its salary 401(k) deferral retirement plan (the Plan) with Alpha Group 401(k) Profit Sharing Plan and Trust, a multi-employer plan. The Company contributions to the Plan and to the Alpha Group 401(k) Profit Sharing Plan totaled $191,398 for the year ended December 31, 2017.

Note 15 – Concentration of Risk

Export sales to customers outside the United States from domestic operations totaled 22% of total sales for the year ended December 31, 2017. The Company sells a majority of its products to multi-system cable television operators (MSO) in the United States. The top ten MSOs accounted for 65% of total sales for the year ended December 31, 2017. At December 31, 2017, receivables outstanding from ten MSOs aggregated to a concentration of credit totaling approximately $15,505,939.

Approximately 52% of the Company's purchases were from suppliers greater than 10% of total purchases in 2017. The loss of a significant supplier should not adversely affect the Company's business, since such components and products are generally available from alternate sources.

The Company maintains cash balances in financial institutions participating in the Federal Deposit Insurance Corporation (FDIC) program. As of December 31, 2017, the Company has cash deposits at financial institutions in excess of FDIC insured limits. However, as the Company places these deposits with major financial institutions and monitors the financial condition of these institutions, management believes the risk of loss to be minimal.

Note 16 – Variable Interest Entities

The Company holds a variable interest in Argus Technologies, Inc. and its subsidiary, Argus DSC, Inc. (Argus). Argus is considered a variable interest entity (VIE) due to a lack of sufficient at-risk equity. The Company has determined it is not the primary beneficiary of Argus because the Company does not have the power to direct the activities most significant to the VIE's economic performance and does not have an obligation to absorb losses of the VIE or the right to receive benefits of the VIE. The Company considers the stockholder of Argus to be the primary beneficiary. Accordingly, the Company has not consolidated Argus.

Argus is a related party through common ownership. The Company, while not contractually obligated to do so, provided financial support to this related entity through a revolving note receivable, with a maximum principal of $6,000,000. The note requires interest at 5% with a maturity date of June 28, 2019. The Company's maximum exposure to loss is generally measured as its net receivable due from the VIE. The principal balance of the note receivable was $2,200,000 as of December 31, 2017. Additionally, outstanding accrued interest related to the note receivable amounted to $1,934,084 at December 31, 2017. During the year ended December 31, 2016, the note receivable and related accrued interest was deemed uncollectable and an allowance for bad debt was booked in the amount of $4,024,084 to offset the note receivable and accrued interest amount in its entirety. During the year ended December 31, 2017, accrued interest on the note was deemed uncollectible and the allowance for bad debt was increased by $110,000 to fully reserve against the note.

Note 16 – Variable Interest Entities (continued)

The following is a summary of Argus' unaudited financial information as of and for the year ended December 31, 2017:

Balance Sheets		
Assets	$	363,306
Liabilities		8,318,672
Accumulated deficit	$	(7,955,366)
Statements of Income		
Revenue	$	185,546
Expenses		326,081
Net loss	$	(140,535)

Exhibit 99.5

Unaudited Interim Financial Statements of
Altair Advanced Industries, Inc.

Altair Advanced Industries, Inc.
Consolidated Condensed Balance Sheets (Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 7,573,558	$ 2,000
Accounts Receivable, Net	30,822,466	16,734,639
Allied Companies Receivable	6,658,380	8,969,707
Inventory, net	30,865,629	33,160,163
Income Taxes Receivable	-	785,275
Prepaid Expenses and Other Current Assets	837,621	1,191,669
Notes Receivable, Current Portion	991,828	2,316,263
Total Current Assets	77,749,482	63,159,716
Property and Equipment, net	16,330,623	20,784,261
Notes Receivable	-	479,702
Total Assets	$ 94,080,105	$ 84,423,679
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current Liabilities:		
Checks Issued in Excess of Bank Balance	$ -	$ 861,736
Accounts Payable and Accrued Liabilities	32,653,883	31,215,091
Income Taxes Payable	1,211,866	-
Other Liabilities	899,194	437,285
Total Current Liabilities	34,764,943	32,514,112
Deferred Income Taxes, net	124,212	124,212
Long-term Debt, less current portion	39,714,082	39,714,082
Total Liabilities	74,603,237	72,352,406
Total Stockholder's Equity	19,476,868	12,071,273
Total Liabilities and Stockholder's Equity	$ 94,080,105	$ 84,423,679

Altair Advanced Industries, Inc.

Condensed Statements of Income (Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue, net	$ 187,142,379	$ 146,533,811
Cost of Goods Sold	107,782,310	87,944,715
Gross Profit	79,360,069	58,589,096
Selling, General and Administrative Expenses	56,857,512	44,922,016
Depreciation and Amortization	5,403,620	5,060,459
Operating Income	17,098,937	8,606,621
Interest Expense	2,391,936	2,384,729
Other Expense, net	5,304,265	5,242,962
Income before Income Taxes	9,402,736	978,930
Provision for Income Taxes	1,997,141	353,347
Net Income	$ 7,405,595	$ 625,583

Altair Advanced Industries, Inc.

Condensed Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash Flows from Operating Activities		
Net Income	$ **7,405,595**	$ **625,583**
Depreciation and Amortization	5,403,620	5,060,459
Inventory Reserve	491,258	-
(Increase)/Decrease in Assets and Liabilities		
Accounts Receivable	(11,776,500)	(7,728,826)
Inventory	1,803,276	4,175,626
Income Taxes Receivable/Payable	1,997,141	(2,023,520)
Prepaid Expenses and Other Current Assets	354,048	1,330,732
Accounts Payable and Accrued Liabilities	1,438,792	(1,464,358)
Other Liabilities	461,909	(460,380)
Net Cash Provided by/(Used in) Operating Activities	**7,579,139**	**(484,684)**
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(949,982)	(567,896)
Net Cash Used in Investing Activities	**(949,982)**	**(567,896)**
Cash Flows from Financing Activities		
Net Repayment on Operating Line of Credit	-	(575,820)
Checks Issued in Excess of Bank Balance	(861,736)	272,036
Repayments of Notes Receivable	1,804,137	1,354,364
Net Cash Provided by Financing Activities	**942,401**	**1,050,580**
Net Increase/(Decrease) in Cash	**7,571,558**	**(2,000)**
Beginning Cash and Cash Equivalents Balance	2,000	2,000
Ending Cash and Cash Equivalents Balance	$ **7,573,558**	$ **—**

Note 1 – Operations

Altair Advanced Industries, Inc. (the Company or Altair) manufactures and distributes power supplies and power related equipment to the cable and telecommunications industries under a license from Alpha Technologies, Inc. (ATI). These products provide power conditioning and emergency backup power applications to these industries. The Company sells its products in the United States as well as internationally.

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Cash and cash equivalents – The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Variable interest entities – The Company applies the guidance contained in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810-10, *Variable Interest Entities*. The guidance requires a qualitative approach to identifying a controlling financial interest in a variable interest entity (VIE) and requires an ongoing assessment of the primary beneficiary of the VIE based on an evaluation to determine whether an entity has: (a) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance, and (b) the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. In determining whether an entity has the power to direct the activities of the VIE that most significantly affect the VIE's performance, the guidance requires a reporting entity to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed. The guidance also requires: (a) separate presentation on the face of the statement of financial position of certain assets and liabilities of a consolidated VIE, (b) disclosure of the significant judgments and assumptions made by an enterprise in its determination as to whether or not the enterprise is the primary beneficiary of a VIE, and (c) additional expanded disclosures regarding the enterprise's involvement with a VIE.

Management evaluates the Company's explicit and implicit variable interests to determine if they have any variable interests in VIEs. Variable interests are contractual, ownership, or other pecuniary interest in an entity whose value changes with changes in the fair value of the entity's net assets, exclusive of variable interests. Explicit variable interests are those which directly absorb the variability of a VIE and can include contractual interests such as loans or guarantees as well as equity investments. An implicit variable interest acts the same as an explicit variable interest except it involves the absorbing of variability indirectly, such as through related-party arrangements or implicit guarantees. The analysis includes consideration of the design of the entity, its organizational structure, including decision making ability over the activities that most significantly impact the VIE's economic performance. Generally accepted accounting principles require a reporting entity to consolidate a VIE when the reporting entity has a variable interest, or combination of variable interests, that provides it with a controlling financial interest in the VIE. The entity that consolidates a VIE is referred to as the primary beneficiary of that VIE. Refer to Note 15 for the Company's evaluation of variable interests.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts receivable – Accounts receivable are generally due within 30 days and are stated at amounts due from customers, net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payment terms are considered past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Company does not charge interest on accounts receivable.

Inventories – The Company measures inventory at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The use of standard cost approximates costs determined on a first-in, first-out basis. Standard costs are developed based upon actual prices paid for product and estimates of labor and overhead for each product, and are re-evaluated on a semi-annual basis. Allowances are provided for physical obsolescence, damaged, and slow moving inventories.

Property and equipment – Property and equipment are recorded at cost, with all significant acquisitions, renovations and repairs which extend the useful life of assets being capitalized. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives ranging from three to seven years. The straight-line method of depreciation is followed for substantially all assets for financial reporting purposes, but accelerated methods are used for tax purposes. Leasehold improvements are amortized on a straight-line basis over the lesser of the term of the lease or the estimated useful life.

Long-lived assets – In accordance with the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Company reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of any impairment generally would include a comparison of the present value of expected future cash flows anticipated to be generated during the remaining life with the net carrying value of the asset. No such impairment losses were recorded by the Company for the nine months ended September 30, 2018 and 2017, respectfully.

Note 2 – Summary of Significant Accounting Policies (continued)

Product warranties – The Company records a liability for an estimate of costs that it expects to incur under its basic limited warranty when product revenue is recognized. Factors affecting the Company's warranty liability include the number of units sold, historical and anticipated rates of claims, and costs per claim. The Company periodically assesses the adequacy of its warranty liability based on changes in these factors. Warranty expense is recorded based upon actual claims.

Revenue recognition – Revenue is recognized at the time the earnings process is substantially complete, which is generally at the time the product is shipped. Related costs are recorded at the time revenue is recognized. Revenue recorded is presented net of sales and other taxes the Company collects on behalf of governmental authorities.

Shipping and handling revenues and costs – Revenues generated from shipping and handling costs charged to customers are included in revenue and amounted to $696,992 and $945,146 for the nine months ended September 30, 2018 and 2017, respectively. Shipping and handling costs for outbound and inbound shipping charges are included in cost of goods sold and amounted to $4,416,679 and $3,063,716 for the nine months ended September 30, 2018 and 2017, respectively.

Income taxes – The Company accounts for income taxes under the asset and liability method. Income taxes and related assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or income tax returns. Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse. Allowances are provided for certain deferred tax assets that are not expected to be realized.

The Company accounts for uncertainty in income taxes according to the provisions of ASC 740-10, *Income Taxes*. The Company recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Company adheres to the revised standards under FASB Accounting Standards Update No. 2015-17, Income Taxes *(Topic 740): Balance Sheet Classification of Deferred Taxes*. Under this standard, a classified statement of financial position, an entity shall classify deferred tax liabilities and assets as noncurrent amounts. In accordance with ASU 2015-07, the Company has classified all deferred tax amounts as noncurrent.

Note 2 – Summary of Significant Accounting Policies (continued)

Use of estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for doubtful accounts, inventory reserves, product liability warranty, and sales incentives.

Recent accounting pronouncements – In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*, which provides new guidelines that change the accounting for leasing arrangements. ASU 2016-02 primarily changes the accounting for lessees, requiring lessees to record assets and liabilities on the balance sheet for most leases. This standard is effective for nonpublic entities for annual reporting periods beginning on or after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. The Company is currently evaluating the impact of the standard on the financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard. The new standard allows for a full retrospective approach to transition or a modified retrospective approach. This guidance is effective for nonpublic entities for annual reporting periods beginning on or after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019. The Company is still in the process of evaluating the impact of the standard on the financial statements but does not anticipate it to be material.

Reclassifications- Certain amounts reported in the prior year have been reclassified to conform to the current period's presentation.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are available to be issued.

On October 29, 2018, the Company and certain related parties entered into a share purchase agreement ("the Agreement") with Enersys in which EnerSys acquired certain assets and assumed certain liabilities of Altair in accordance with the terms and conditions of the Agreement.

Note 2 – Summary of Significant Accounting Policies (continued)

The Company has evaluated subsequent events through February 22, 2019, which is the date the financial statements were available to be issued.

Note 3 – Allied Company Transactions

The Company is a member of the Alpha Group (Allied Companies), an alliance of independent companies to develop and manufacture power solutions.

The Company has a licensing agreement with ATI (an Allied Company), its wholly-owned subsidiaries and other parties related to ATI through common ownership, to manufacture and sell power supplies and power related equipment. ATI provides sales, marketing, engineering, accounting, and general management support to the Company.

For the nine months ended September 30, 2018 and 2017 respectively, the Company had management fee agreements with ATI as follows:

	January 1, 2018 through September 30, 2018	January 1, 2017 through September 30, 2017
Accounting and general management support fees	3%	3%
Engineering support fees	10%	10%
Sales and marketing support fees	8%	8%

a – Percentage based on the Company's gross sales less any sales to Allied Companies
b – Percentage based on the sales value of ATI units produced and sold by the Company, less any sales to Allied Companies

The management fee agreements continue for successive yearly terms. Either party may terminate the agreements at any time upon 90 days' written notice. Termination of the agreements could have a material adverse effect on the Company's business.

Additionally, the Company has commission and fee arrangements attributable to product sales with third party manufacturing representative firms. Manufacturing representatives earn commissions ranging from 0.5% to 10.0% on sales of products in their territories which are payable to the representatives upon the receipt of cash for the sale. The Company contracts with ATI to administer its commission program for the third party manufacturing representative firms. The Company's commission arrangement with ATI requires commissions of up to 1.0% be paid on domestic sales.

Note 3 – Allied Company Transactions (continued)

Transactions and balances with Allied Companies as of and for the nine months ended September 30, 2018 and 2017, were as follows and are included in the respective balances on the Company's Condensed Balance Sheet (Unaudited) and Condensed Statements of Income (Unaudited):

	September 30, 2018	2017
Sales	$ 24,209,037	$ 22,640,690
Material purchases	39,809,304	32,253,124
Management fees - selling, general and administrative expense	33,178,845	25,182,634
Commission expense	6,561,561	5,303,171
Other income	337,227	581,212
Accounts receivable	6,658,380	8,387,827
Notes receivable	991,828	3,273,691
Accounts payable and accrued expenses	4,364,048	545,421
Commissions payable	2,261,679	691,485

Note 4 – Accounts Receivable

Receivables consist of the following as of September 30, 2018:

	2018
Accounts receivable	$ 31,255,472
Less allowance for doubtful accounts	(433,006)
Accounts receivable, net	$ 30,822,466

Note 5 – Inventory

Inventory consist of the following as of September 30, 2018:

	2018
Raw materials	$ 22,824,142
Finished goods	10,965,420
	33,789,562
Inventory reserves	(2,923,933)
Inventory, net	$ 30,865,629

Note 6 – Property and Equipment

Property and equipment, net consist of the following as of September 30, 2018:

		2018
Aircraft	$	50,180,121
Machinery and equipment		10,386,160
Office furniture and equipment		1,022,516
Leasehold improvements		1,851,960
		63,440,757
Accumulated depreciation and amortization		(47,110,134)
Property and Equipment, net	$	16,330,623

Note 7 – Notes Receivable

Notes Receivable consists of the following at September 30, 2018:

		2018
Allied Party:		
Interest bearing note receivable from Outback Power Technologies, Inc., a wholly-owned subsidiary of Alpha Technologies Services, Inc., with monthly payments due from the borrower of $201,351, which include principal and interest, which is accrued at 6% per annum. The note matures in February 2019.	$	991,828
Third Party:		
Non-interest bearing note receivable from CE+T America, Inc. (related party to ATI), annual installment requirements are calculated based on the financial performance of CE+T America, Inc., as defined in the terms of the agreement.		—
Total notes receivable		991,828
Less notes receivable - current portion		991,828
Long-term portion	$	—

Interest income earned on the related-party notes receivable was $82,274 for the nine months ended September 30, 2018. Interest receivable, net of the applicable reserve, on the related-party note receivable as of September 30, 2018, was $0.

Note 8 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities to Non-Allied Companies consist of the following as of September 30, 2018:

		2018
Accounts Payable	$	22,875,744
Product warranty liability		2,075,000
Other accrued liabilities		6,640,097
Accrued related party commissions		1,063,042
Accounts Payable and Accrued Liabilities	$	32,653,883

The changes in the Company's product warranty liability are as follows for the nine months ended September 30, 2018:

		2018
Estimated liability, beginning of year	$	2,075,000
Estimated expense for warranties issued		545,168
Warranty claims		(545,168)
Estimated liability, end of period	$	2,075,000

Note 9 – Operating Line of Credit

The Company has a revolving line of credit agreement with a bank. Under the agreement, the Company may borrow up to $15,000,000, with advances collateralized by the Company's accounts receivable, inventories, and equipment, as well as a commercial guarantee provided by the Company's stockholder, and subordination agreements from Alphatec, Ltd. – Cyprus and Advanced Aviation, related to the notes outstanding at year end (Note 10). The revolving line of credit bears interest at BBA LIBOR daily floating rate (2.17% as of September 30, 2018) plus 1.50% and matures January 31, 2019. The outstanding balance on this revolving line of credit was $-0- as of September 30, 2018. The revolving line of credit is subject to certain financial measurement covenants.

Note 10 – Long-Term Debt

Long-term debt consists of the following as of September 30:

		2018
Note payable to Alphatec, Ltd. – Cyprus (related party to ATI); payments of accrued interest at a rate of 8.5% due annually; principal and remaining accrued interest due December 31. 2019. The note	$	24,714,082
Note payable to Alphatec, Ltd. – Cyprus (related party to ATI); payments of accrued interest at a rate of 10% due annually; principal and remaining accrued interest due December 31, 2019. The note		10,000,000
Note payable to Advanced Aviation (related party to ATI); payments of accrued interest at a rate of 6.5%, due annually; principal and remaining accrued interest due June 30, 2019. The note is unsecured.		5,000,000
Long-Term Debt, less current portion	$	39,714,082

Aggregate maturities of long-term debt are as follows:

Year ending December 31,		
2018	$	—
2019		39,714,082
	$	39,714,082

Note 11 – Related-Party Transactions

The Company is related to Altair Energy, Inc. through common ownership. During the nine months ended September 30, 2018 and 2017, the Company purchased $959,216 and $428,620, respectively, of inventories from Altair Energy, Inc. The Company had a payable balance due to Altair Energy, Inc. of $927,946 as of September 30, 2018.

GB DSC, Inc. was formed during 2012 and is related to the Company through common ownership. GB DSC, Inc. is a Domestic Sales Corporation responsible for facilitating certain aspects of the Company's foreign sales activities. The Company incurred a commission expense to GB DSC, Inc. of $1,063,042

Note 11 – Related-Party Transactions (continued)

and $847,331 for the nine months ended September 30, 2018 and 2017, respectively. The Company had accrued commissions payable to GB DSC, Inc. of $1,063,042 as of September 30, 2018.

Argus DSC, Inc., a wholly-owned subsidiary of Argus Technologies, Inc., was formed during 2014 and is related to the Company through common ownership. Argus DSC, Inc. is a Domestic Sales Corporation responsible for facilitating certain aspects of the Company's foreign sales activities. The Company incurred no expenses with the wholly-owned subsidiary for the nine months ended September 30, 2018. The

Company incurred $280 of purchases to Argus DSC, Inc. for the nine months ended September 30, 2017. The Company is related to Bravo Electric Vehicles through common ownership. The Company had a payable balance to Bravo Electric Vehicles of $12,583 as of September 30, 2018. See Note 12 for related-party operating leases obligations.

Note 12 – Commitments and Contingencies

Operating lease obligations – The Company conducts its operations in facilities leased from both related and third parties. The leases are treated as operating leases and expire at various dates.

Total rent expense under operating leases amounted to $721,413 and $646,000, including $612,713 and $377,437 paid to a related party each year, for the nine months ended September 30, 2018 and 2017, respectively.

The Company sub-leases a portion of its facilities and had rental income that amounted to $175,380 and $175,380 for the nine months ended September 30, 2018 and 2017, respectively.

Medical plan – The Company is self-insured for medical coverage of employees through a third party administrator. Stop-loss insurance is carried by the Company, which assumes liability for claims between $125,000 and $1,000,000 per individual or on an aggregate basis based on the monthly employee population included within the plan. As of September 30, 2018, the Company accrued $107,645 for the self-insured medical insurance. Self-insured medical claims paid by the Company during the nine months ended September 30, 2018 and 2017 amounted to $1,893,990 and $1,313,780, respectively, net of recoveries.

Loan commitment – Under the terms of the revolving note receivable agreement between the Company and Argus Technologies, Inc., as stated in Note 16, the Company has committed to fund up to $6 million through June 28, 2019 to Argus Technologies, Inc. At September 30, 2018 the unused portion of the revolving note receivable agreement was $-.

Note 13 – Employee Benefit Plan

Effective October 1, 2015, the Company merged its salary 401(k) deferral retirement plan (the Plan) with Alpha Group 401(k) Profit Sharing Plan and Trust, a multi-employer plan. The Company contributions to the Plan and to the Alpha Group 401(k) Profit Sharing Plan totaled $153,172 and $142,198 for the nine months ended September 30, 2018 and 2017, respectively.

Note 14 – Concentration of Risk

Export sales to customers outside the United States from domestic operations totaled 12% and 10% of total sales each year for the nine months ended September 30, 2018 and 2017, respectively. The Company sells a majority of its products to multi-system cable television operators (MSO) in the United States. The top ten MSOs accounted for 68% and 65% of total sales for the nine months ended September 30, 2018 and 2017, respectively. As of September 30, 2018, receivables outstanding from ten MSOs aggregated to a concentration of credit totaling approximately $24,954,168.

Approximately 31% and 44% of the Company's purchases were from suppliers greater than 10% of total purchases in the nine months ended September 30, 2018 and 2017, respectively. The loss of a significant supplier should not adversely affect the Company's business, since such components and products are generally available from alternate sources.

The Company maintains cash balances in financial institutions participating in the Federal Deposit Insurance Corporation (FDIC) program. As of September 30, 2018, the Company has cash deposits at financial institutions in excess of FDIC insured limits. However, as the Company places these deposits with major financial institutions and monitors the financial condition of these institutions, management believes the risk of loss to be minimal.

Note 15 – Variable Interest Entities

The Company holds a variable interest in Argus Technologies, Inc. and its subsidiary, Argus DSC, Inc. (Argus). Argus is considered a variable interest entity (VIE) due to a lack of sufficient at-risk equity. The Company has determined it is not the primary beneficiary of Argus because the Company does not have the power to direct the activities most significant to the VIE's economic performance and does not have an obligation to absorb losses of the VIE or the right to receive benefits of the VIE. The Company considers the stockholder of Argus to be the primary beneficiary. Accordingly, the Company has not consolidated Argus.

Argus is a related party through common ownership. The Company, while not contractually obligated to do so, provided financial support to this related entity through a revolving note receivable, with a maximum principal of $6,000,000. The note requires interest at 5% with a maturity date of June 28, 2019.

Note 15 – Variable Interest Entities (continued)

The Company's maximum exposure to loss is generally measured as its net receivable due from the VIE.

The principal balance of the note receivable was $- as of September 30, 2018. Additionally, outstanding accrued interest related to the note receivable amounted to $- as of September 30, 2018. During the nine months ended September 30, 2017, accrued interest was $82,274. During the nine months ended September 30, 2018, accrued interest on the note was deemed uncollectible and the allowance for bad debt was increased by $82,274 to fully reserve against the note. The note and related accrued interest were written off during the nine months ended September 30, 2018.

The following is a summary of Argus' unaudited financial information as of September 30, 2018 and for the nine months ended, September 30, 2018 and September 30, 2017 respectively:

Balance Sheet		**September 30, 2018**
Assets	$	418,828
Liabilities		8,546,723
Accumulated deficit	$	(8,127,895)

		September 30,		
		2018		**2017**
Statements of Income				
Revenue	$	60,384	$	—
Expenses		232,913		224,042
Net loss	$	(172,529)	$	(224,042)

Exhibit 99.6

Alpha Technologies Ltd.

Consolidated Financial Statements
December 31, 2017

Tel: 604 688 5421
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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Shareholders or Alpha Technologies Ltd.

We have audited the accompanying consolidated financial statements of Alpha Technologies Ltd. and its subsidiaries, which comprise the consolidated balance sheet as of December 31, 2017, and the related consolidated statements of income and comprehensive income, changes in stockholders' 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.

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 Alpha Technologies Ltd. and its subsidiaries as of December 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ "BDO CANADA, LLP"

Vancouver, Canada
February 22, 2019

Alpha Technologies Ltd.

Consolidated Balance Sheet

Expressed in US dollars

As at December 31, 2017

	$
Assets	
Current assets	
Cash	6,528,801
Accounts receivable - net (note 4)	22,802,768
Inventories (note 5)	30,731,873
Prepaid expenses and other current assets	1,945,770
Total Current Assets	62,009,212
Due from related parties (notes 11)	208,346
Property, plant and equipment (note 6)	3,348,659
Goodwill	311,533
Deferred tax assets (note 17)	1,265,532
Other non-current assets	65,779
Total Assets	67,209,061
Liabilities	
Current liabilities	
Current debt (note 7)	7,848,050
Accounts payable	8,252,939
Accrued liabilities (note 8)	12,814,044
Warranty provision- current portion (note 9)	2,075,915
Deferred revenue	352,773
Current portion of long-term debt (note 10)	154,996
Other current liabilities (notes 13 and 15)	2,121,144
Current portion of due to related parties (note 12)	2,742,603
Total Current Liabilities	36,362,464
Warranty provision (note 9)	1,899,613
Due to related parties (note 12)	1,364,100
Long term debt (note 10)	3,233,561
Total Liabilities	42,859,738
Shareholders' Equity	
Preferred shares, no par value, 10,000 shares authorized, no shares issued or outstanding at December 31, 2017	-
Share capital (note 13)	2
Retained earnings	30,165,976
Accumulated other comprehensive loss	(5,816,655)
	24,349,323
Total Liabilities and Shareholder's Equity	67,209,061

Contingencies and commitments (note 19)
Subsequent events (note 20)

Approved by the Board of Directors

____________________________ Director ____________________________ Director

The accompanying notes are an integral part of these non-consolidated financial statements.

Alpha Technologies Ltd.
Consolidated Statement of Income and Comprehensive Income
Expressed in US Dollars
For the year ended December 31, 2017

	$
Revenue	
Sales (note 16)	128,844,299
Cost of sales	99,375,645
Gross profit	29,468,654
Expenses	
General and administrative	8,317,635
Research & Development	6,516,938
Sales & Marketing	10,958,962
	25,793,535
Earnings before undernoted	3,675,119
Other expenses	
Other expenses	880,636
Net Interest expense	518,164
Foreign exchange loss	444,574
	1,843,374
Earnings before income taxes	1,831,745
Current tax recovery (note 17)	(47,159)
Deferred tax expense (note 17)	380,321
Net earnings for the year	1,498,583
Other comprehensive income	
Foreign currency translation adjustment	1,378,952
Total other comprehensive income	1,378,952
Total comprehensive income	2,877,535

The accompanying notes are an integral part of these consolidated financial statements.

Alpha Technologies Ltd.

Consolidated Statement of Stockholder's Equity

Expressed in US Dollars

For the year ended December 31, 2017

	Common stock		Preferred stock				
	Number of shares issued & outstanding	Amount	Number of shares issued & outstanding	Amount	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 2016 (unaudited)	10,000	2	-	-	28,823,317	(7,195,607)	21,627,712
Net income					1,498,583		1,498,583
Foreign currency translation adjustment						1,378,952	1,378,952
Dividends paid					(155,924)		(155,924)
Balance at December 31, 2017	10,000	2	-	-	30,165,976	(5,816,655)	24,349,323

The accompanying notes are an integral part of these consolidated financial statements.

Expressed in US Dollars

	2017 $
Cash flows (used in) from operating activities	
Net earnings for the year	1,498,583
Items not involving cash	
Depreciation	768,888
Foreign Exchange gain and other	444,574
Deferred tax expense	380,321
Gain on disposal of property, plant and equipment	(114,781)
	2,977,585
Changes in non-cash working capital balances	
Decrease in accounts and other receivables	4,324,262
Increase in inventories	(4,570,348)
Increase in prepaid expenses and other current assets	(406,795)
Increase in accounts payable and accrued liabilities	1,493,496
Increase in warranty provision	856,093
Decrease in other current liabilities	(292,618)
Increase in deferred revenue	18,447
Net cash flows from operating activities	4,400,122
Cash flows (used in) from investing activities	
Purchase of property, plant and equipment	(967,884)
Proceeds on disposal of property, plant and equipment	166,965
Increase in other non-current assets	(20,102)
Net cash used in investing activities	(821,021)
Cash flows (used in) from financing activities	
Increase in bank borrowings	681,212
Decrease in demand loan	(1,229)
Increase in due to related parties	119,444
Increase in long term debt	83,893
Dividend paid	(155,924)
Net cash flow from financing activities	727,396
Effect of foreign exchange on cash	805,278
Increase in cash	5,111,775
Cash - Beginning of year	1,417,026
Cash – End of year	6,528,801
Supplemental disclosure of cash flow information	
Income taxes paid	250
Interest paid	151,923

Operations and Summary of Significant Accounting Policies

1 Nature of business / Operations

The principal business of Alpha Technologies Ltd. includes the design, production, distribution and servicing of AC and DC power products and systems with a primary focus on the North American telecommunication market. The Company also provides engineering, furnishing and installation of its products to its customer base.

2 Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Alpha Technologies Ltd. (referred as "Alpha") and its subsidiaries Alpha Mexico Network Power S.A. de C.V., Riverfront Holdings S.R.L. de C.V., Alpha Technical Services Ltd. and Argus Research Ltd. (collectively "the Company"). All intercompany accounts and transactions have been eliminated in consolidation.

Alpha owns 99.9% of both Alpha Mexico Network Power S.A de C.V. and Riverfront Holdings. As of December 31, 2017, the retained earnings and other comprehensive income related to the non-controlling interest in these parties is trivial.

The table below, lists other related parties and the nature of relationship with the Company.

Related party	Nature of relationship
Argus Hangars Ltd.	Related by common officers
The Kaiser Foundation for Higher Education	Related by common officers
Argus NFW Holdings Ltd.	Related by common officers
Argus RF Holdings Ltd.	Related by common officers
Alpha Aviation Inc.	Related by common officers

3 Significant accounting policies

These consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles of the United States of America (GAAP) and are stated in US dollars, except where otherwise disclosed.

Financial instruments

The Company initially records cash, accounts receivables, bank indebtedness, long-term debt, due to/from related parties, accounts payable and accrued liabilities at fair value except for due to/from related party, which are recorded at the amounts agreed by the parties to the transactions. Subsequent measurement is at amortized cost.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

Income taxes

The Company accounts for income taxes using the asset and liability approach, which requires deferred tax assets and liabilities be recognized using enacted tax rates to measure the effect of temporary differences between book and tax bases on recorded assets and liabilities. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Financial statement basis and tax bases of assets differ due to the company utilizing accelerated depreciation methods for tax purposes on certain assets which are being depreciated less rapidly for financial statement purposes, the use of allowances for financial statement purposes, and other timing differences.

The Company recognizes tax related interest and penalties in income tax expense in its Consolidated Statement of Income.

With respect to accounting for uncertainty in income taxes, the Company evaluates tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement. For tax positions that are not more likely than not of being sustained upon audit, the Company does not recognize any portion of the benefit. If the more likely than not threshold is not met in the period for which a tax position is taken, the Company may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

Concentration of Credit Risk

Financial instruments that subject the Company to potential concentration of credit risk consist principally of trade accounts receivable. The Company performs ongoing credit evaluations of its customers' financial condition.

Cash

Cash consists of cash on hand and on deposit with financial institutions.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by applying standard costs which approximate the weighted average cost of materials, work-in-process, and finished goods. Finished goods and work-in-process inventory include costs of conversion (allocation of variable production overheads and direct costs such as standard labour charges which approximate actual labour employed). Any variances between standard and actual costs are expensed in the period. Standard costs are updated annually or when significant changes occur.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. If events or changes in circumstances indicate that the carrying value of the property, plant and equipment may not be recoverable, a recoverability analysis is performed based upon estimated undiscounted cash flows to be generated from the property, plant and equipment. If the analysis indicates that the carrying value is not recoverable from future cash flows, the property, plant and equipment are written down to their estimated fair value and an impairment loss is recognized. Depreciation is provided as follows:

Computer equipment (including under capital lease)	straight-line over 3 years
Computer software	straight-line over 1 year
Furniture and office equipment (including under capital lease)	straight-line over 5 years
Leasehold improvements	straight-line over lease term plus one renewal period
Production and Research and development equipment	20% diminishing balance
Vehicles (including under capital lease)	20% - 30% diminishing balance

Maintenance and repairs are expensed as incurred.

Investment tax credits

Investment tax credits are accounted for using the flow-through method whereby such credits are accounted for as a reduction of income tax expense in the period in which the credit arises.

Leases

Leases entered into are classified as either capital or operating. Leases that transfer substantially all of the benefits and risks associated with ownership of the assets are classified as capital leases and are recorded as an acquisition of an asset and incurrence of an obligation. Assets under capital lease are amortized in a manner consistent with other assets owned by the Company. All other leases are accounted for as operating wherein rental payments are expensed as incurred. Under US GAAP operating leases are recognized on a straight-line basis over the term of the lease.

Warranties

The Company's products are warranted for a period of two years. The Company provides for estimated product warranty expenses when the related products are sold. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

Revenue recognition

The Company recognizes revenue from product sales when there is a persuasive evidence of arrangement, delivery has occurred, collectability is reasonably assured, and pricing is fixed or determinable. Where appropriate, provisions are made at that time for estimated warranty costs. Amounts received prior to product shipment are recorded as deferred revenue.

The Company recognizes revenue from construction management and service installation contracts using the percent completion method. The cost incurred is compared to estimated total cost to complete the contracts to determine the percentage of completion. Cash received in advance of the revenue recognition criteria being met is recorded as deferred revenue.

Shipping and handling costs

The Company classifies shipping and handling as cost of sales in the accompanying consolidated financial statements. Total shipping and handling costs were approximately $500,660 for the year ended December 31, 2017.

Advertising costs

The Company incurred advertising costs during the year of $564,158 which was expensed as incurred.

Foreign exchange

The functional currency of Alpha is the Canadian dollar. Results of operations of Alpha and of the foreign operations of subsidiaries, whose functional currency is their respective local currency, are translated in the reporting currency, U.S. dollars, in accordance with ASC Topic 830 "Foreign Currency Matters". Revenues and expenses are translated using average exchange rates during the periods. The assets and liabilities are translated into U.S. dollars using exchange rates as of the balance sheet dates. Exchange gains or losses resulting from translating the foreign currency financial statements are recognized as a component of other comprehensive income.

Transaction gains and losses resulting from exchange rate changes on transactions denominated in currencies other than the functional currency of the applicable subsidiary are included in the Consolidated Statements of Income, within "Foreign Exchange", in the year in which the change occurs.

For transactions undertaken by the Company in foreign currencies, monetary assets and liabilities are translated into the functional currency at the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are translated at the exchange rate prevailing when the assets were acquired, or the liabilities assumed. Revenues and expenses are translated at the rate approximating the rate of exchange on the transaction date. Exchange gains and losses are included in the determination of net income (loss) for the year.

Research and development

The Company expenses research costs as incurred. Development costs are expensed as incurred unless they qualify for capitalization and amortization as an intangible asset under ASC 350, 'Intangibles – Goodwill and other'. As it is management's view that there is no certainty of recovering development costs, no development costs have been recorded as intangible assets.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to the acquired assets and liabilities assumed in the business combination. Goodwill and intangibles are tested for impairment at least annually and whenever events or circumstances occur indicating that a possible impairment may have been incurred. Goodwill has an indefinite life and is tested for impairment by determining the fair value of the Company's reporting units. These estimated fair values are based on financial projections, certain cash flow measures. Impairment losses, if any, are recorded in the consolidated statement of income as part of income from operations. The Company has adopted the provisions of ASC 350-20, Goodwill and Other. The provisions allow for the company to assess qualitative factors to determine whether it is more likely than not that evidence of goodwill impairment exists. If the Company determines that it is not more likely than not that the fair value of a reporting unit is less than it's carrying amount, then performing the two-step impairment test is unnecessary.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and revenues and expenses during the year. Significant areas requiring the use of management estimates relate to provisions for inventory obsolescence, warranty expenses, useful lives of property, plant and equipment, percentage of completion of construction management and service installation contracts, deferred income taxes and allowance for doubtful accounts receivable. Actual results could differ from these estimates.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)". In general, this standard will require the company to recognize revenue when it transfers goods or services to customers in the amount of anticipated consideration in which the company is entitled. This standard also requires additional disclosure requirements that result in the company providing financial statement users comprehensive information regarding the nature, amount, timing and uncertainty of revenue and cash flow from the company's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019 with. The Company's initial assessment conclude that the adoption of the ASU will not have a material impact on its accounting for revenue in the consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases. In general, this standard requires a lessee to record a right-of-use asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. This standard will be effective for the calendar year ending December 31, 2020 with retrospective application required. The Company has not determined the impact of adopting this standard on the accompanying financial statements.

In June 2016, the FASB issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments. This update will replace the incurred loss impairment methodology for credit losses on financial instruments with a methodology that requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The standard is effective for fiscal years beginning after December 15, 2019, including interim periods with those fiscal year. The Company has not determined the impact of adopting this standard on the accompanying financial statements.

Expressed in US Dollars

4 Accounts receivable

As at December 31, 2017, approximately 35% of accounts receivable are due from three customers. Geographic concentrations related to customers are as follows: United States 60%, Canada 21% and worldwide 19%.

	2017 $
Receivables	23,079,247
Less allowance for doubtful accounts	(276,479)
Receivables, net	22,802,768

5 Inventories

Inventory at December 31 consists of the following:

	2017 $
Raw materials	4,411,862
Work-in-process	797,457
Finished goods	28,649,088
Obsolescence provision	(3,126,534)
	30,731,873

6 Property, plant and equipment

			2017
	Cost $	Accumulated depreciation $	Net $
Leasehold Improvements	1,332,373	784,963	547,410
Production and Research and development equipment	6,815,030	4,415,620	2,399,410
Vehicles	481,704	373,895	107,809
Furniture and Office Equipment	1,078,480	960,683	117,797
Computer Equipment	2,073,383	1,919,280	154,103
Computer Software	1,402,798	1,380,668	22,130
	13,183,768	9,835,109	3,348,659

Expressed in US Dollars

Depreciation expense included in the consolidated financial statements for the year ended December 31, 2017 amounted to $768,888.

7 Current debt

Current debt consists of the following as of December 30, 2017

	2017 $
Operating line of credit	
Canadian loan - (CAD$3,299,338)	2,624,105
Banker's acceptance (CAD$5,000,000)	3,976,715
	6,600,820
Unsecured demand loan bearing interest at 5%	1,247,230
	7,848,050

The Company has an operating credit facility (CAD$20 million maximum) with the Canadian Imperial Bank of Commerce (CIBC) subject to a formula-based borrowing limit, bearing interest at prime plus 1%.

The Company has pledged the following as security for the loan facilities:

- a general security agreement creating in favour of CIBC a first priority security interest in all present and future undertaking and personal property including receivables, inventory, equipment and machinery
- an unlimited postponement of claim from The Kaiser Foundation for Higher Education (note 12)
- an assignment and postponement of claim from G.B. Enterprises, Inc. and Altair Advanced Industries Inc. (Altair) in an unlimited amount with respect to monies owing to G.B. Enterprises, Inc. and/or Altair Advanced Industries Inc. by the Company. G.B. Enterprises, Inc. is an inactive predecessor entity to Altair. Altair is a third-party manufacturing entity which provides Alpha contract manufacturing services for telecom systems sold into the US market in addition to supplying broadband product for sale into Canada.
- a guarantee from Alpha Aviation Inc. with respect to all of the liabilities to CIBC secured by all security (excluding the collateral mortgage) provided by Alpha Aviation Inc. to CIBC for direct borrowings.

Interest expense on the operating line of credit was $150,269.

Expressed in US Dollars

8 Accrued liabilities

	2017 $
Salaries and Wages payable	4,193,738
Accrued liabilities	4,907,691
Inventory in transit	2,627,215
Others	1,085,400
	12,814,044

9 Warranty provision

	2017 $
Balances, beginning of year	3,119,435
Claims processed during the year	(1,680,756)
Additional warranties issued	2,301,384
Foreign currency translation adjustment	235,465
Balance, end of year	3,975,528
Less: current portion	2,075,915
	1,899,613

10 Long-term debt

	2017 $
Mortgage bearing interest at seven-year Government of Canada bond rate plus 1.5% annually (3.32% at December 31, 2016), repayable in monthly blended principal and interest payments of $22,085, due on September 1, 2021 (Principal balance in CAD is $4,284,185)	3,407,396
Less: Deferred finance cost	(18,839)
Total	3,388,557
Less: Current portion	154,996
	3,233,561

Interest expense on the mortgage was $151,106 during the year.

Expressed in US Dollars

11 Due from related parties

This represent non-interest bearing, unsecured loan to Argus Hangars Ltd. amounting to $208,346 (CAD$261,957) having no repayment terms.

12 Due to related parties

	2017 $
The Kaiser Foundation for Higher Education (note 15)	
Unsecured loan bearing interest at prime plus 2% and due on demand (CAD$1,120,000)	890,784
Unsecured loan bearing interest at 10% (CAD$2,215,109), due on demand subject to a maximum of $397,671 repayable in any fiscal year	1,761,771
Argus NFW Holdings Ltd., unsecured, non-interest bearing and no repayment terms (CAD $987,624)	785,500
Argus RF Holdings Ltd., unsecured, non-interest bearing and no repayment terms (CAD $840,704)	668,648
Total	4,106,703
Less: Current portion	2,742,603
	1,364,100

13 Other Current liabilities

Other current liabilities include interest accruals on related party balance and demand loan totaling $1,186,354 (see note 15), sales / use tax payable of $183,690, due to Alphatec Limited (Cyprus) amounting to $393,774 and others amounting to $357,326.

Expressed in US Dollars

14 Share capital

Authorized

10,000 Class A common shares without par value, participating, with voting rights.

10,000 Class A, B, C preferred shares without par value, participating (conditionally), non-voting, redeemable by the Company and retractable by the holder at an amount set by the director.

Issued and outstanding

	2017 $
10,000 Class A common shares	2

15 Related party transactions

The Kaiser Foundation for Higher Education

During the year, the Company incurred interest expense on the amounts payable of $220,937.

At December 31, 2017, other current liabilities include $827,434 related to accrued interest owed to this related party.

16 Sales

Sales comprise mainly of products and services revenue. Sales to customers in the United States and Canada were 58% and 33% respectively, whereas the remaining relates to rest of the world. Sales to 4 customers account for 35.8% of the total revenue.

17 Income taxes

Effective January 1, 2017, the Canadian federal and British Columbia provincial corporate tax rates were 15.0% and 11.0%, respectively, while pursuant to September 11, 2017 budget, effective January 1, 2018, the Canadian federal and British Columbia provincial corporate tax rates were increased to 15.0% and 12.0%, respectively. All deferred tax assets have been measured at the latter combined 27.0% tax reversal rate.

As at December 31, 2017, the Company has federal investment tax credits (ITCs) carried forward of $2,176,376 and provincial ITCs carried forward of $1,035,898, which are available to reduce future federal and provincial taxes payable, respectively, which expire over 2028 through 2037. During the year ended December 31, 2017, the Company utilized $428,225 of federal and provincial ITC's to reduce income taxes owing. Management has evaluated these ITCs, and due to the average annual spending by the Company in excess of the scientific research, exploration and development (SRED) tax credit, a full valuation allowance has been taken on these balances. A full valuation allowance has also been taken on the net capital losses due to the unlikelihood of incurring capital gains. The resulting realized deferred tax asset as at December 31, 2017 of $1,265,531, however, could be adjusted in future periods if estimates of future taxable income are reduced or increased and additional weight is given to subjective evidence such as our projections for growth or change in SRED expenditure/ITC credits.

Expressed in US Dollars

As at December 31, 2017, the nature and tax effect of the taxable temporary differences giving rise to deferred tax assets are summarized as follows:

Components of the Net Deferred Tax Asset	2017
	$
Warranty and other reserves	932,380
Capital assets and intangible assets	333,152
Income tax credits	689,780
Net capital losses	44,596
Valuation allowance	(734,376)
Net Deferred Tax Asset	1,265,532

Components of income tax expense for the year ended December 31, 2017 are as follows:

Components of Income Tax Expense	2017
	$
Current tax recovery	(47,159)
Deferred tax expense	380,321
Income Tax Expense	333,162

18 Financial instruments

Credit risk

The Company has exposure to credit risk to the extent cash balances exceed amounts covered by deposit insurance; however, the Company believes that its credit risk on cash balances is immaterial. The Company, in the normal course of business, is exposed to credit risk from its customers. The Company's financial assets that are exposed to credit risk consist primarily of accounts receivable. The Company performs regular credit evaluations on all its customers.

Interest rate risk

The Company is exposed to interest rate fluctuations on its floating rate bank indebtedness and an amount due to a related party.

Currency risk

The Company has the following amounts denominated in US currency:

	2017 $
Cash	5,424,925
Accounts and other receivables	19,374,994
Accounts payable, accrued and other current liabilities	(8,066,550)
Due to related parties	(1,249,985)
Net US$ denominated amounts	15,483,384

The Company has the following amounts denominated in Mexican Pesos at their equivalent US dollar amount:

	2017 $
Cash	1,074,619
Accounts and other receivables	548,654
Accounts payable, accrued and other current liabilities	(95,991)
Net Mexican pesos at their equivalent US$ denominated amounts	1,527,282

Expressed in US Dollars

19 Contingencies and commitments

Guarantees

a) At December 31, 2017, the Company has an unlimited guarantee on the operating line of credit of Alpha Aviation Inc., a related party, in favour of CIBC.

b) At December 31, 2017, the Company has a guarantee on the mortgage of Argus RF Holdings Ltd., a related party, in favour of Assurant Life of Canada.

c) At December 31, 2017, the Company has a limited guarantee of CAD$2,000,000 on the demand credit facility of Argus NFW Holdings Ltd., a related party, in favour of CIBC.

Operating lease

The Company has entered into lease agreements for buildings located in Burnaby, BC; Edmonton, Alberta; Mississauga, Ontario and Mexico. The lease agreements are effective from January 1, 2010 to February 29, 2020. The Company also leases vehicles under operating leases with terms ranging from 36 to 48 months. Accounting principles generally accepted in the United States of America require lease payments to be recognized on a straight-line basis over the term of the lease. The difference between the actual lease payments and the amount that is required to be recognized as expense is recorded as deferred rent on the consolidated balance sheet. The Company has agreed to make the following annual basic lease payments, inclusive of management fees, with respect to the buildings, warehouses and vehicles:

	$
2018	1,243,410
2019	1,210,338
2020	1,168,410
2021	1,141,002
2022	1,138,273

Rental expense was $1,216,445 for the financial year ended December 31, 2017.

20 Subsequent events

The Company and certain related parties entered into a share purchase agreement (“the Agreement”) on December 7, 2018 with EnerSys in which EnerSys acquired all issued and outstanding shares of the Company.

Subsequent to December 31, 2017 and just prior to the acquisition of Alpha by Enersys on December 7, 2018, the debt in note 10 was transferred to Argus RF Holdings Ltd. in exchange for cash of $1.8 million (CAD$2.4 million) and the issuance of class A preferred shares valued at $1.3 million (CAD$1.8 million). The debt in note 12 was also discharged. In addition, the operating credit facility indicated in note 7 was repaid and all liens were discharged.

Management evaluates subsequent events through February 22, 2019, the date the consolidated financial statements were available to be issued.

Exhibit 99.7

Unaudited Condensed Consolidated Interim Financial Statements of Alpha Technologies Ltd.

Alpha Technologies Ltd.
Consolidated Condensed Balance Sheets (Unaudited)

	September 30, 2018	December 31, 2017
ASSETS		
Current Assets:		
Cash	$ 12,203,557	$ 6,528,801
Accounts Receivable, net (note 4)	26,926,926	22,802,768
Inventories, net (note 5)	25,969,016	30,731,873
Prepaid Expenses	1,079,226	865,110
Other Current Assets (note 6)	1,451,244	1,289,006
Total Current Assets	67,629,969	62,217,558
Property and Equipment, net (note 7)	3,116,344	3,348,659
Goodwill	303,624	311,533
Deferred tax assets	1,265,532	1,265,532
Other Non-Current Assets	—	65,779
Total Assets	72,315,469	67,209,061
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current Debt (note 8)	$ 1,711,293	$ 7,848,050
Accounts Payable	10,833,324	8,252,939
Accrued Liabilities (note 9)	8,248,195	8,620,306
Warranty Provision - current portion (note 10)	2,181,516	2,075,915
Current portion of long-term debt (note 12)	154,838	154,996
Deferred Revenue	649,151	352,773
Current portion of due to related parties (note 13)	2,866,693	2,742,603
Other current liabilities, net (note 11)	7,990,711	6,314,882
Total Current Liabilities	34,635,721	36,362,464
Due to related parties (note 13)	1,329,468	1,364,100
Warranty Provision (note 10)	2,359,202	1,899,613
Long term debt (note 12)	3,038,619	3,233,561
Total Liabilities	41,363,010	42,859,738
Total Stockholders' Equity	30,952,459	24,349,323
Total Liabilities and Stockholders' Equity	$ 72,315,469	$ 67,209,061

Contingencies and commitments (note 16)
Subsequent events (note 17)

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

Alpha Technologies Ltd.
Consolidated Condensed Statements of Income and Comprehensive Income (Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue, net	$ 104,407,023	$ 96,307,029
Cost of Goods Sold	74,061,918	74,480,084
Gross Profit	30,345,105	21,826,945
Selling, General and Administrative Expenses	19,573,612	17,067,984
Earnings before the undernoted	10,771,493	4,758,961
Interest Expense	364,415	287,674
Other Expense, net	1,436,411	1,005,237
Realized foreign exchange (gain) loss	(313,571)	338,581
Unrealized foreign exchange gain	(740,790)	(455,371)
Earnings before Income Taxes	10,025,028	3,582,840
Provision for Income Taxes	2,706,758	651,655
Net earnings	7,318,270	2,931,185
Foreign currency translation adjustments	(715,149)	1,434,288
Total Comprehensive Income	$ 6,603,121	$ 4,365,473

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

Alpha Technologies Ltd.
Consolidated Condensed Statements of Cash Flows (Unaudited)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash Flows from Operating Activities		
Net Income	**$ 7,318,270**	**$ 2,931,185**
Depreciation	558,348	577,157
(Increase)/Decrease in Assets and Liabilities		
Accounts Receivable	(4,124,158)	6,408,265
Inventories	4,762,857	(6,899,696)
Prepaid Expenses	(214,116)	(139,185)
Other Current Assets	(162,238)	50,826
Accounts Payable	2,580,385	(847,970)
Accrued Liabilities	(372,111)	(1,609,631)
Warranty Provision	565,190	601,674
Deferred Revenue	296,378	168,417
Other Current Liabilities	1,675,830	(603,453)
Net Cash Provided by Operating Activities	**12,884,635**	**637,589**
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(326,033)	(839,094)
Other Non-Current Assets	73,688	(22,868)
Net Cash Used in Investing Activities	**(252,345)**	**(861,962)**
Cash Flows from Financing Activities		
Net (Repayments of)/Borrowing from long term debt	(195,100)	258,630
Repayments of Bank Indebtedness	(6,143,802)	(711,073)
Net (Repayments of)/Borrowings from Related Parties	89,458	111,532
Borrowings from Demand Loan	7,045	2,735
Purchase of Stock	—	(66)
Net Cash Used in Financing Activities	**(6,242,399)**	**(338,242)**
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(715,135)	1,434,288
Net Increase in Cash and Cash Equivalents	**5,674,756**	**871,673**
Beginning Cash and Cash Equivalents Balance	6,528,801	1,417,026
Ending Cash and Cash Equivalents Balance	**$ 12,203,557**	**$ 2,288,699**
Supplemental disclosure of cash flow information		
Income taxes paid	3,095	250
Interest paid	99,445	95,638

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

Note 1 – Nature of Business/Operations

The principal business of Alpha Technologies Ltd. (Alpha) includes the design, production, distribution and servicing of AC and DC power products and systems with a primary focus on the North American telecommunication market. The Company also provides engineering, furnishing and installation to its customer base.

Note 2 – Principles of Consolidation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of Alpha Technologies Ltd. (referred as "Alpha") and its subsidiaries Alpha Mexico Network Power S.A. de C.V., Riverfront Holdings, Alpha Technical Services Ltd. and Argus Research Ltd. (collectively "the Company"). All intercompany accounts and transactions have been eliminated in consolidation. Alpha owns 99.9% of both Alpha Mexico Network Power S.A de C.V. and Riverfront Holdings. As of September 30, 2018, the retained earnings and other comprehensive income related to the non-controlling interest in these parties is trivial.

The table below, lists other related parties and the nature of relationship with the Company.

Related party	Nature of relationship
Argus Hangars Ltd.	Related by common officers
The Kaiser Foundation for Higher Education	Related by common officers
Argus NFW Holdings Ltd	Related by common officers
Argus RF Holdings Ltd	Related by common officers
Alpha Aviation Inc.	Related by common officers

Note 3 – Summary of Significant Accounting Policies

These unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles of the United States of America (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by United States generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. These statements have been prepared on a basis that is substantially consistent with the accounting principles and policies applied in our annual consolidated financial statements for the year ended December 31, 2017.

The balance sheet at December 31, 2017 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by United States generally accepted accounting principles for annual financial statements.

Financial instruments

The Company initially records cash, accounts receivables, bank indebtedness, long-term debt, due to/from related parties, accounts payable and accrued liabilities at fair value except for due to/from related party, which are recorded at the amounts agreed by the parties to the transactions. Subsequent measurement is at amortized cost.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

Income taxes

The Company accounts for income taxes using the asset and liability approach, which requires deferred tax assets and liabilities be recognized using enacted tax rates to measure the effect of temporary differences between book and tax bases on recorded assets and liabilities. In addition, a valuation allowance is established to reduce any deferred tax asset for which it is determined that it is more likely than not that some portion of the deferred tax asset will not be realized.

Financial statement basis and tax bases of assets differ due to the company utilizing accelerated depreciation methods for tax purposes on certain assets which are being depreciated less rapidly for financial statement purposes, the use of allowances for financial statement purposes, and other timing differences.

The Company recognizes tax related interest and penalties in income tax expense in its Consolidated Statement of Income.

With respect to accounting for uncertainty in income taxes, the Company evaluates tax positions to determine whether the benefits of tax positions are more likely than not of being sustained upon audit based on the technical merits of the tax position. For tax positions that are more likely than not of being sustained upon audit, the Company recognizes the largest amount of the benefit that is greater than 50% likely of being realized upon ultimate settlement. For tax positions that are not more likely than not of being sustained upon audit, the Company does not recognize any portion of the benefit. If the more likely than not threshold is not met in the period for which a tax position is taken, the Company may subsequently recognize the benefit of that tax position if the tax matter is effectively settled, the statute of limitations expires, or if the more likely than not threshold is met in a subsequent period.

Concentration of Credit Risk

Financial instruments that subject the Company to potential concentration of credit risk consist principally of trade accounts receivable. The Company performs ongoing credit evaluations of its customers' financial condition.

Cash

Cash consists of cash on hand and on deposit with financial institutions.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by applying standard costs which approximate the weighted average cost of materials, work-in-process, and finished goods. Finished goods and work-in-process inventory include costs of conversion (allocation of variable production overheads and direct costs such as standard labour charges which approximate actual labour employed). Any variances between standard and actual costs are expensed in the period. Standard costs are updated annually or when significant changes occur.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. If events or changes in circumstances indicate that the carrying value of the property, plant and equipment may not be recoverable, a recoverability analysis is performed based upon estimated undiscounted cash flows to be generated from the property, plant and equipment. If the analysis indicates that the carrying value is not recoverable from future cash flows, the property, plant and equipment are written down to their estimated fair value and an impairment loss is recognized. Depreciation is provided as follows:

Computer equipment (including under capital lease)	straight-line over 3 years
Computer software	straight-line over 1 year
Furniture and office equipment (including under capital lease)	straight-line over 5 years
Leasehold improvements	straight-line over lease term plus one renewal period
Production and Research and development equipment	20% diminishing balance
Vehicles (including under capital lease)	20%-30% diminishing balance

Maintenance and repairs are expensed as incurred.

Investment tax credits

Investment tax credits are accounted for using the flow-through method whereby such credits are accounted for as a reduction of income tax expense in the period in which the credit arises.

Leases

Leases entered into are classified as either capital or operating. Leases that transfer substantially all of the benefits and risks associated with ownership of the assets are classified as capital leases and are recorded as an acquisition of an asset and incurrence of an obligation. Assets under capital lease are amortized in a manner consistent with other assets owned by the Company. All other leases are accounted for as operating wherein rental payments are expensed as incurred. Under US GAAP operating leases are recognized on a straight-line basis over the term of the lease.

Warranties

The Company's products are warranted for a period of two years. The Company provides for estimated product warranty expenses when the related products are sold. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

Revenue recognition

The Company recognizes revenue from product sales when there is a persuasive evidence of arrangement, delivery has occurred, collectability is reasonably assured, and pricing is fixed or determinable. Where appropriate, provisions are made at that time for estimated warranty costs. Amounts received prior to product shipment are recorded as deferred revenue.

The Company recognizes revenue from construction management and service installation contracts using the percent completion method. The cost incurred is compared to estimated total cost to complete the contracts to determine the percentage of completion. Cash received in advance of the revenue recognition criteria being met is recorded as deferred revenue.

Shipping and handling costs

The Company classifies shipping and handling as cost of sales in the accompanying unaudited condensed consolidated interim financial statements. Total shipping and handling costs were approximately $2,265,733 and $2,400,282 for the nine months ended September 30, 2018 and 2017, respectively.

Advertising costs

The Company incurred advertising costs of $428,253 and $404,164 during the nine months ended September 30, 2018 and 2017, respectively, which was expensed as incurred.

Foreign exchange

The functional currency of Alpha is the Canadian dollar. Results of operations of Alpha and of the foreign operations of subsidiaries, whose functional currency is their respective local currency, are translated in the reporting currency, U.S. dollars, in accordance with ASC Topic 830 "Foreign Currency Matters". Revenues and expenses are translated using average exchange rates during the periods. The assets and liabilities are translated into U.S. dollars using exchange rates as of the balance sheet dates. Exchange gains or losses resulting from translating the foreign currency financial statements are recognized as a component of other comprehensive income.

Transaction gains and losses resulting from exchange rate changes on transactions denominated in currencies other than the functional currency of the applicable subsidiary are included in the Consolidated Statements of Income, within "Foreign Exchange", in the year in which the change occurs.

For transactions undertaken by the Company in foreign currencies, monetary assets and liabilities are translated into the functional currency at the exchange rate in effect at the end of the year. Non-monetary assets and liabilities are translated at the exchange rate prevailing when the assets were acquired, or the liabilities assumed. Revenues and expenses are translated at the rate approximating the rate of exchange on the transaction date. Exchange gains and losses are included in the determination of net income (loss) for the year.

Research and development

The Company expenses research costs as incurred. Development costs are expensed as incurred unless they qualify for capitalization and amortization as an intangible asset under ASC 350, '*Intangibles – Goodwill and other*'. As it is management's view that there is no certainty of recovering development costs, no development costs have been recorded as intangible assets.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the fair value assigned to the acquired assets and liabilities assumed in the business combination. Goodwill and intangibles are tested for impairment at least annually and whenever events or circumstances occur indicating that a possible impairment may have been incurred. Goodwill has an indefinite life and is tested for impairment by determining the fair value of the Company's reporting units. These estimated fair values are based on financial projections, certain cash flow measures. Impairment losses, if any, are recorded in the consolidated statement of income as part of income from operations. The Company has adopted the provisions of ASC 350-20, Goodwill and Other. The provisions allow for the company to assess qualitative factors to determine whether it is more likely than not that evidence of goodwill impairment exists. If the Company determines that it is not more likely than not that the fair value of a reporting unit is less than it's carrying amount, then performing the two-step impairment test is unnecessary.

Use of estimates

The preparation of unaudited condensed consolidated interim financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities, and revenues and expenses during the year. Significant areas requiring the use of management estimates relate to provisions for inventory obsolescence, warranty expenses, useful lives of property, plant and equipment, percentage of completion of construction management and service installation contracts, deferred income taxes and allowance for doubtful accounts receivable. Actual results could differ from these estimates.

Reclassifications

Certain amounts reported in the prior year have been reclassified to conform to the current year's presentation.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)*". In general, this standard will require the Company to recognize revenue when it transfers goods or services to customers in the amount of anticipated consideration in which the Company is entitled. This standard also requires additional disclosure requirements that result in the Company providing financial statement users comprehensive information regarding the nature, amount, timing and uncertainty of revenue and cash flow from the Company's contracts with customers. This standard will be effective for the calendar year ending December 31, 2019 with retrospective application required. The Company's initial assessment conclude that the adoption of the ASU Topic 606 will not have a material impact on its accounting for revenue in the unaudited condensed consolidated interim financial statements.

In February 2016, the FASB issued Accounting Standards update (ASU) 2016-02, *Leases,* which provides new guidelines that change the accounting for leasing arrangements. ASU 2016-02 primarily changes the accounting for lessees, requiring lessees to record assets and liabilities on the balance sheet for most leases. This standard is effective for nonpublic entities for annual reporting periods beginning on or after December 15, 2019 and interim reporting periods with annual reporting periods beginning after December 15, 2020. The Company has not determined the impact of adopting this standard on the accompanying unaudited condensed consolidated interim financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230)*, Classification of Certain Cash Receipts and Cash Payments. The update addresses eight specific cash flow issues with the objective of reducing diversity in practice. The Company adopted the standard in the first quarter of 2018 and management has determined that the adoption of this standard will not have a material impact to the Company's statements of cash flows.

Note 4 – Accounts Receivable

		As at September 30, 2018
Accounts Receivable	$	27,015,142
Less allowance for doubtful accounts		(88,216)
Accounts Receivable, net	$	26,926,926

Note 5 – Inventories

		As at September 30, 2018
Raw materials	$	3,225,696
Work-in-process		706,442
Finished goods		25,932,442
Obsolescence provision		(3,895,564)
Inventories, net	$	25,969,016

Note 6 – Other Current Assets

Other current assets includes non-interest bearing, unsecured loan to a related party, Argus Hangars Ltd. amounting to $203,056 (CAD$261,957) having no repayment terms.

Note 7 – Property and Equipment

	As at September 30, 2018					
		Cost		Accumulated depreciation		Net
Leasehold Improvements	$	1,127,826	$	641,700	$	486,126
Machinery & Equipment (including computer equipment)		6,912,431		4,683,981		2,228,450
Computer Equipment		2,091,382		1,930,712		160,670
Vehicles		510,192		379,818		130,374
Furniture and Office Equipment		1,061,380		968,886		92,494
Computer Software		1,369,942		1,351,712		18,230
	$	13,073,153	$	9,956,809	$	3,116,344

Depreciation expense included in the Consolidated Statements of Income for the nine months ended September 30, 2018 and 2017 amounted to $558,348 and $577,157, respectively.

Note 8 – Current Debt

		As at September 30, 2018
Operating line of credit - Canadian loan (CAD$589,586)	$	457,018
Unsecured demand loan bearing interest at 5% (CAD$1,618,104)		1,254,275
Total current debt	$	1,711,293

The Company has an operating credit facility (USD$15,503,020/CAD$20,000,000 maximum) with the Canadian Imperial Bank of Commerce (CIBC) subject to a formula-based borrowing limit, bearing interest at prime plus 1%.

The Company has pledged the following as security for the loan facilities:

- a general security agreement creating in favor of CIBC a first priority security interest in all present and future undertaking and personal property including receivables, inventory, equipment and machinery
- an unlimited postponement of claim from The Kaiser Foundation for Higher Education (Note 13)
- an assignment and postponement of claim from G.B. Enterprises, Inc. and Altair Advanced Industries Inc. in an unlimited amount with respect to monies owing to G.B. Enterprises, Inc. and/or Altair Advanced Industries Inc. by the Company
- a guarantee from Alpha Aviation Inc. with respect to all of the liabilities to CIBC secured by all security (excluding the collateral mortgage) provided by Alpha Aviation Inc. to CIBC for direct borrowings.

Interest expense on the operating line of credit was $71,829 and $56,917 for the nine months ended September 30, 2018 and 2017, respectively.

Note 9 – Accrued Liabilities

		As at September 30, 2018
Accrued liabilities	$	5,040,763
Inventory in transit		1,733,377
Others		1,474,055
Accrued Liabilities	$	8,248,195

Note 10 – Warranty Provision

The Company's products are warranted for a period of two years. The Company provides for estimated product warranty expenses when the related products are sold. The assessment of the adequacy of the reserve includes a review of open claims and historical experience.

		As at September 30, 2018
Balance as of January 1, 2018	$	3,975,528
Claims processed during the period		(1,321,621)
Additional warranties issued		1,989,071
Foreign currency translation adjustment		(102,260)
Balance as of September 30, 2018		4,540,718
Less: current portion		2,181,516
Non-current portion	$	2,359,202

Note 11 – Other Current liabilities

Other current liabilities include accrued salaries and benefits amounting to $2,640,019, taxes payable of $3,274,357 and interest accruals on related party balances totaling $920,477 (see Note 13) and other amounting to $1,155,858.

Note 12 – Long-term Debt

		As at September 30, 2018
Mortgage bearing interest at seven-year Government of Canada bond rate plus 1.5% annually (3.32% at December 31, 2017), repayable in monthly blended principal and interest payments of $21,524, due on September 1, 2021 (Principal balance in CAD is $4,138,628)	$	3,208,062
Less: Deferred finance cost		(14,605)
Total		3,193,457
Less: Notes payable, net – short term		(154,838)
Notes payable, net – long term	$	3,038,619

Interest expense on the mortgage was $84,863 and $87,214 during the nine months ended September 30, 2018 and 2017, respectively.

Note 13 – Related Parties

		As at September 30, 2018
The Kaiser Foundation for Higher Education (note 13(a))		
Unsecured loan bearing interest at prime plus 2% and due on demand (CAD $1,120,000)	$	868,169
Unsecured loan bearing interest at 10%, due on demand subject to a maximum of $500,000 repayable in any fiscal year (CAD $2,215,109)		1,717,044
Argus NFW Holdings Ltd., unsecured, non-interest bearing and no repayment terms (CAD $987,624)		765,557
Argus RF Holdings Ltd., unsecured, non-interest bearing and no repayment terms (CAD $1,090,615)		845,391
Total		4,196,161
Less: Due to related parties – short term		2,866,693
Due to related parties – long term	$	1,329,468

a) The Kaiser Foundation for Higher Education

During the nine months ended September 30, 2018 and 2017, the Company incurred interest expense on the amount payable of $161,750 and $159,352, respectively. As of September 30, 2018, other current liabilities includes $920,477 related to accrued interest from due to related party.

Note 14 – Revenue Concentration

Revenue is comprised mainly of products and services revenue. Sales to customers in the United States and Canada were 65% and 24% respectively for the nine months ended September 30, 2018 and 57% and 34% for the nine months ended September 30, 2018, respectively. Sales to the top 4 customers account for 35.7% and 33.8% of the total revenue for the nine months ended September 30, 2018 and 2017, respectively.

Note 15 – Financial instruments

Credit risk

The Company has exposure to credit risk to the extent cash balances exceed amounts covered by deposit insurance; however, the Company believes that its credit risk on cash balances is immaterial. The Company, in the normal course of business, is exposed to credit risk from its customers. The Company's financial assets that are exposed to credit risk consist primarily of accounts receivable. The Company performs regular credit evaluations on all its customers.

Interest rate risk

The Company is exposed to interest rate fluctuations on its floating rate bank indebtedness and an amount due to a related party.

Note 16 – Contingencies and Commitments

Guarantees

a) As of September 30, 2018 and December 31, 2017, the Company has an unlimited guarantee on the operating line of credit of Alpha Aviation Inc., a related party, in favour of CIBC.
b) As of September 30, 2018 and December 31, 2017, the Company has a guarantee on the mortgage of Argus RF Holdings Ltd., a related party, in favour of Assurant Life of Canada.
c) As of September 30, 2018 and December 31, 2017, the Company has a limited guarantee of $1,550,302 (CAD $2,000,000) on the demand credit facility of Argus NFW Holdings Ltd., a related party, in favour of CIBC.

Operating lease obligations

The Company has entered into lease agreements for buildings located in Burnaby, BC; Edmonton, Alberta; Mississauga, Ontario and Mexico. The lease agreements are effective from January 1, 2010 to February 29, 2020. The Company also leases vehicles under operating leases with terms ranging from 36 to 48 months. Accounting principles generally accepted in the United States of America require lease payments to be recognized on a straight-line basis over the term of the lease. The difference, if any, between the actual lease payments and the amount that is required to be recognized as expense is recorded as deferred rent on the Consolidated Balance Sheet. The Company has agreed to make the following annual basic lease payments, inclusive of management fees, with respect to the buildings, warehouses and vehicles:

Oct 2018 – Sep 2019	$	1,209,090
Oct 2019 – Sep 2020		1,207,663
Oct 2020 – Sep 2021		1,163,531
Oct 2021 – Sep 2022		1,142,968
Oct 2022 – Sep 2023		1,140,345

Note 17 – Subsequent Events

The Company and certain related parties entered into a share purchase agreement ("the Agreement") on December 7, 2018 with EnerSys in which EnerSys acquired all issued and outstanding shares of the Company.

Subsequent to September 30, 2018 and just prior to the acquisition of Alpha by Enersys on December 8, 2018, the debt in note 12 was transferred to Argus RF Holdings Ltd. in exchange for cash of $1.8 million (CAD$2.4 million) and the issuance of class A preferred shares valued at $1.3 million (CAD$1.8 million). The debt in note 13 was also discharged. In addition, the operating credit facility indicated in note 8 was repaid and all liens were discharged.

Management evaluates subsequent events through February 22, 2019, the date the unaudited condensed interim consolidated financial statements were available to be issued.

Unaudited Pro Forma Condensed Combined Financial Information

On December 7, 2018, EnerSys ("we" and "the Company") completed the acquisition of all of the issued and outstanding common stock of ATS and ATL, resulting in ATS and ATL becoming wholly-owned subsidiaries of the Company (the "Share Purchase"). Additionally, the Company acquired substantially all of the assets of ATI and certain assets of AAII and other affiliates of ATS and ATL, in each case in accordance with the terms and conditions of the Restructuring Agreements (the "Asset Acquisition" and together with the Share Purchase, the "Transaction"). Based in Bellingham, Washington, Alpha is a global industry leader in the comprehensive commercial-grade energy solutions for broadband, telecom, renewable, industrial and traffic customers around the world. The aggregate purchase consideration for the acquisition was $750,000,000 of which $650,000,000 was paid in cash and the balance was settled by issuing 1,177,630 shares of EnerSys common stock. These shares were issued out of the Company's treasury stock and were valued at $84.92 per share, which was based on the thirty-day volume weighted average stock price of the Company's common stock at closing. The fair value of the 1,177,630 shares had an approximate closing date fair value of $100,000,000. The Company funded the cash portion of the acquisition with borrowings from the Company's amended 2017 Credit Facility. Capitalized terms not defined herein have the meanings set forth in the Current Report on Form 8-K filed by EnerSys on December 10, 2018, as amended February 22, 2019.

The Company completed the Transaction pursuant to the previously disclosed Share Purchase Agreement, dated as of October 29, 2018 (the "Agreement"), by and among the Company, AlphaTec Ltd., the sole shareholder of ATS; Alpha Innovations Ltd., Radiant Energy Systems Ltd. and AlphaTec Ltd., the shareholders of ATL; and Fortis Advisors LLC, as seller representative.

The Company and the Alpha Group have different fiscal year ends. We did not recast the Alpha Group's fiscal year ends because they differ by 93 days or less than the Company's year-end. The unaudited condensed combined pro forma balance sheet as of September 30, 2018 is based on EnerSys' consolidated balance sheet and the balance sheet of the Alpha Group as of September 30, 2018. The unaudited condensed combined pro forma balance sheet gives effect to the Transaction as if it had occurred on September 30, 2018, and includes all adjustments that give effect to events that are directly attributable to the Transaction and are factually supportable. The unaudited pro forma condensed combined statements of income for the six months ended September 30, 2018 and the year ended March 31, 2018 give effect to the Transaction as if it had occurred on April 1, 2017 and include all adjustments that give effect to events that are directly attributable to the Transaction, are expected to have a continuing impact, and are factually supportable.

The unaudited pro forma condensed combined financial statements are presented for informational purposes only and are not intended to represent or to be indicative of the results of operations and financial position that EnerSys would have reported had the Transaction been completed as of the date set forth in the unaudited pro forma condensed combined financial statements.

The unaudited pro forma condensed combined financial statements reflect certain adjustments that are directly attributable to the Transaction and factually supportable and are based on management's estimates of the fair values of tangible and intangible assets acquired. The Company may make additional adjustments to the fair values, and these valuations could change significantly from those used to determine certain adjustments in the pro forma condensed combined financial statements.

These unaudited pro forma condensed combined financial statements should be read in conjunction with:

- EnerSys' historical consolidated financial statements and notes thereto contained in EnerSys' Annual Report on Form 10-K for the year ended March 31, 2018;
- EnerSys' Quarterly Reports on Form 10-Q for the six months ended September 30, 2018, and the nine months ended December 30, 2018;
- The historic audited financial statements of ATS for the year ended December 31, 2017 and 2016 included herein as Exhibit 99.2, and AAII and ATL as of and for the year ended December 31, 2017 as Exhibit 99.4 and Exhibit 99.6, and
- The historic unaudited financial statements of ATS, AAII, and ATL for the nine months ended September 30, 2018 and 2017 included herein as Exhibit 99.3, Exhibit 99.5, and Exhibit 99.7.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of September 30, 2018
(amounts in thousands)

	EnerSys 9/30/2018 historical	Combined Alpha Group	Eliminations		Pro Forma Adjustments		Pro forma combined
ASSETS							
Current Assets:							
Cash and cash equivalents	$ 545,183	$ -			(213,111)	4(c)	$ 332,072
Accounts receivable, net of allowance for doubtful accounts: September 30, 2018 $9,913	519,542	$ 127,941	$ (4,355)	4(a)	-		$ 643,128
Inventories, net	396,404	$ 67,511	$ (2,376)	4(b)	16,244	4(d)	$ 477,783
Prepaid and other current assets	81,823	$ 13,430	$ -		-		$ 95,253
Total current assets	$ 1,542,952	$ 208,882	$ (6,731)		$ (196,867)		$ 1,548,236
Property, plant, and equipment,net	$ 398,173	$ 15,915	$ -		4,722	4(e)	$ 418,810
Goodwill	$ 339,441	$ 8,594	$ -		341,710	4(f)	$ 689,745
Other intangible assets, net	$ 141,229	$ 1,612	$ -		317,822	4(g)	$ 460,663
Deferred taxes	43,184	$ -	$ -		-		$ 43,184
Other assets	13,602	$ 542	$ -		-		$ 14,144
Total assets	$ 2,478,581	$ 235,545	$ (6,731)		$ 467,387		$ 3,174,782
LIABILITIES AND STOCKHOLDERS' EQUITY							
Current Liabilities:					-		
Short-term debt	14,071	$ -	$ -		-		$ 14,071
Accounts payable	249,934	$ 49,463	$ (4,355)	4(a)	(2,168)	4(h)	$ 292,874
Accrued expenses	189,834	$ 54,866	$ -		6,000	4(i)	$ 250,700
Total current liabilities	$ 453,839	$ 104,329	$ (4,355)		$ 3,832		$ 557,645
Long-term debt, net of unamortized debt issuance costs	599,662	$ -	$ -		449,249	4(j)	$ 1,048,911
Deferred taxes	34,427	$ -	$ -		61,714	4(k)	$ 96,141
Other liabilities	187,851	$ -	$ -				$ 187,851
Total liabilities	$ 1,275,779	$ 104,329	$ (4,355)		$ 514,795		$ 1,890,548
Commitments and contingencies							
Equity:							
Common Stock,	548	$ (13,657)	$ -		14,657	4(l), 4(m)	$ 1,548
Additional paid-in capital	491,472	$ 1,143	$ -		97,857	4(l), 4(m)	$ 590,472
Treasury stock,	(560,991)	$ -	$ -		(6,000)	4(i)	$ (566,991)
Retained earnings	1,398,758	$ 151,306	$ (2,376)	4(b)	(161,498)	4(n)	$ 1,386,190
Accumulated other comprehensive loss	(131,882)	$ (7,576)	$ -		7,576	4(l)	$ (131,882)
Total EnerSys stockholders' equity	$ 1,197,905	$ 131,216	$ (2,376)		$ (47,408)		$ 1,279,337
Nonredeemable noncontrolling interests	$ 4,897	$ -	$ -		-		$ 4,897
Total Equity	$ 1,202,802	$ 131,216	$ (2,376)		$ (47,408)		$ 1,284,234
Total liabilities and equity	$ 2,478,581	$ 235,545	$ (6,731)		$ 467,387		$ 3,174,782

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the Six Month Period Ended September 30, 2018
(amounts in thousands, except per share data)

	EnerSys six month period ended 9/30/2018 historical	Combined Alpha Group six month period ended 9/30/2018	Eliminations		Pro Forma Adjustments		Pro Forma Combined	
Net sales	$ 1,331,392	$ 350,778	(28,232)	5(a)	-		$ 1,653,938	
Cost of goods sold	1,004,652	$ 211,085	(27,927)	5(a)	-		1,187,810	
Inventory adjustment relating to exit activities	526	$ -	-		-		526	
Gross Profit	326,214	139,693	(305)		-		465,602	
Operating expenses	195,818	$ 95,078	-		2,397	5(b)	293,293	
Restructuring charges	2,860	$ -	-		-		2,860	
Operating earnings	$ 127,536	$ 44,615	$ (305)		(2,397)		$ 169,449	
Interest expenses, net	12,929	$ 2,021	-		9,779	5(c)	24,729	
Other (income) expense, net	(997)	$ 2,133	-		(173)	5(d)	963	
Earnings before income taxes	115,604	40,461	(305)		(12,003)		143,757	
Income tax expense	22,137	$ 8,684	(73)		(1,739)	5(e)	29,009	
Net earnings	$ 93,467	$ 31,777	$ (232)		(10,264)		$ 114,748	
Net earnings (losses) attributable to noncontrolling interests	183	$ -	-		-		183	
Net earnings attributable to EnerSys stockholders	$ 93,284	$ 31,777	$ (232)		(10,264)		$ 114,565	
Net earnings per share:								
Basic	$ 2.22						$ 2.65	5(f)
Diluted	$ 2.19						$ 2.61	5(f)
Dividends per common share	$ 0.35						$ 0.35	5(f)
Weighted-average number of common shares outstanding:								
Basic	42,073,015						43,250,645	5(f)
Diluted	42,673,844						43,851,474	5(f)

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF INCOME
For the Year Ended March 31, 2018 (1)
(amounts in thousands, except per share data)

	EnerSys year end 3/31/2018 historical	Combined Alpha Group	Eliminations	Pro Forma Adjustments	Pro Forma Combined
Net sales	2,581,891	$ 539,396	$ (30,551) 5(a)	-	3,090,736
Cost of good sold	1,921,494	$ 352,107	(26,507) 5(a)	-	2,247,094
Inventory adjustment relating to exit activities	3,457	$ -	$ -	-	3,457
Gross Profit	656,940	187,289	(4,044)	-	840,185
Operating expenses	382,077	$ 152,094	$ -	10,450 5(b)	544,621
Restructuring charges	5,481	$ -	$ -	-	5,481
Operating earnings	$ 269,382	$ 35,195	$ (4,044)	(10,450)	$ 290,083
Interest expenses, net	25,001	$ 4,779	$ -	16,544 5(c)	46,324
Other (income) expense, net	6,055	$ 1,178	$ -	1,613 5(d)	8,846
Earnings before income taxes	238,326	29,238	(4,044)	(28,607)	234,913
Income tax expense	118,493	$ 7,334	$ (1,377)	(7,534) 5(e)	116,916
Net earnings	$ 119,833	$ 21,904	$ (2,667)	$ (21,073)	$ 117,997
Net earnings (losses) attributable to noncontrolling interests	239	$ -	$ -	-	239
Net earnings attributable to EnerSys stockholders	$ 119,594	$ 21,904	$ (2,667)	$ (21,073)	$ 117,758
Net earnings per share:					
Basic	$ 2.81				$ 2.69 5(f)
Diluted	$ 2.77				$ 2.66 5(f)
Dividends per common share	0.70				$ 0.70 5(f)
Weighted average number of common shares outstanding:					
Basic	42,612,036				43,789,666 5(f)
Diluted	43,119,856				44,297,486 5(f)

(1) The unaudited pro forma condensed combined statement of income for the 12 months ended March 31, 2018 includes the historical results of ATS, AAII, ATL, TCS Hong Kong, AlphaTec China, and TCS Bahamas for the fiscal year ended December 31, 2017 and includes the historical results of ATI for the fiscal year ended June 30, 2018. We did not recast ATS's, AAII's, ATL's, TCS Hong Kong's, AlphaTec China's, TCS Bahamas's, and ATI's fiscal year ends because they differ by 93 days or less than the Company's fiscal year end.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements
(in thousands, except share and per share amounts)

1. Basis of Pro Forma Presentation

The unaudited pro forma condensed combined financial information presents the pro forma results of operations of the combined companies based upon the historical information after giving effect to the Transaction, the Incremental Term Loan Lender Joinder Agreement, Increase Agreement and First Amendment to Credit Agreement (the "Credit Agreement Amendment"), and adjustments described in these notes. The unaudited pro forma balance sheet is presented as if the Transaction had occurred on September 30, 2018; and the unaudited pro forma condensed combined statements of income for the six months ended September 30, 2018 and the year ended March 31, 2018, give effect to the Transaction as if it occurred on April 1, 2017.

2. Preliminary Purchase Price Allocation

The business combination is reflected in the unaudited pro forma condensed combined financial information as being accounted for under the acquisition method in accordance with ASC 805, Business Combinations, with the Company being the accounting acquirer. ASC 805 requires, among other things, that the assets acquired and liabilities assumed be recognized at their acquisition date fair values, with any excess of the consideration transferred over the estimated fair values of the identifiable net assets acquired recorded as goodwill. In addition, ASC 805 establishes that the common stock issued to effect the business combination be measured at the closing date of the business combination at the then current market price.

Under ASC 805, acquisition-related transaction costs and acquisition-related restructuring charges are not included as components of consideration transferred but are accounted for as expenses in the period in which the costs are incurred. For the six months ended September 30, 2018, the Company incurred $2,168 of acquisition-related costs. These costs are considered to be directly related to the Transaction and are not expected to have a continuing impact and therefore have been excluded from the unaudited pro forma condensed combined statements of income.

The following table summarizes the preliminary fair values assigned to the assets acquired and liabilities assumed and resulting goodwill. These values are not yet finalized and are subject to change, which could be significant. The amounts recognized will be finalized as the information necessary to complete the analyses is obtained, but no later than December 7, 2019 or one year from the Transaction date ("the measurement period").

The preliminary allocation of purchase price, as if the Transaction had occurred on September 30, 2018 was as follows:

Accounts receivable	$	127,941
Inventories		83,755
Other current assets		13,430
Other intangible assets		319,434
Property, plant and equipment		20,637
Other assets		6,542
Total assets acquired	$	571,739
Accounts payable		49,463
Accrued liabilities		60,866
Deferred income taxes		61,714
Total liabilities assumed	$	172,043
Net assets acquired		399,696
Purchase price	$	750,000
Less: Fair value of acquired identified assets and liabilities	$	399,696
Goodwill	$	350,304

(in thousands, except share and per share amounts)

The following table summarizes the estimated fair value of Alpha's identifiable intangible assets and the initial assessment of their respective estimated lives:

	Type	Life in Years		Fair Value
Trademarks	Indefinite-lived	Indefinite	$	88,849
Customer relationships	Finite-lived	13		188,805
Technology	Finite-lived	10		41,780
Total identifiable intangible assets			$	319,434

The preliminary purchase price of the acquisition has been allocated to the Company's tangible and identifiable intangible assets acquired and liabilities assumed, based on their estimated acquisition date fair values. The excess of the purchase price over the net tangible and intangible assets is recorded to goodwill. Estimated goodwill deductible for tax purposes is $42,040. The preliminary allocation of purchase price is based upon a valuation undertaken by the Company and is subject to change during the measurement period. The initial accounting for the acquisition is incomplete pending final valuation of the tangible and identifiable intangible assets acquired and liabilities assumed.

3. Significant Accounting Policies

The accounting policies used in the preparation of this unaudited pro forma condensed combined financial information are those set out in EnerSys' audited financial statements as of and for the fiscal year ended March 31, 2018. The pro forma financial statements may not reflect all the adjustments necessary to conform the accounting policies of the Alpha Group to those of EnerSys as the Company is still in the process of conforming the accounting policies of the Alpha Group to those of EnerSys.

EnerSys adopted ASC 606, Revenue from Contracts with Customers ("ASC 606") on April 1, 2018, while the Alpha Group had not yet adopted ASC 606 as of the Transaction as they are private companies. To conform with the acquirer's accounting policy, adjustments were made to the Alpha Group's historical balance sheet as of September 30, 2018 and the historical statement of income for the six months ended September 30, 2018 to reflect the impact of adoption and ongoing effects of the accounting treatment of ASC 606. The adoption of ASC 606 by the Alpha Group did not have a material impact on the unaudited pro forma financial statements.

4. Pro forma adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2018

This note should be read in conjunction with Note 1. Basis of Pro forma Presentation; Note 2. Preliminary Purchase Price Allocation; and Note 5. Pro forma adjustments to the Unaudited Pro Forma Condensed Combined Statement of Income for the six month period ended September 30, 2018 and for the year ended March 31, 2018. Adjustments included in the column under the heading 'Pro Forma Adjustments" and "Eliminations" represent the following:

A. Represents the elimination of accounts receivable and accounts payable of $4,355 between EnerSys and the Alpha Group that were related to sales in the normal course of business.

B. Represents the intercompany profit release on EnerSys' margin of finished goods in the Alpha Group's inventory.

C. Represents the use of the Company's cash balance, after reflecting the debt financing used to fund a portion of the purchase consideration.

		September 30, 2018
Cash proceeds from financing	$	450,000
Cash consideration paid for the Alpha Group		(650,000)
Deferred financing fees to be paid		(751)
Transaction costs to be paid		(12,360)
Estimated adjustment to cash and cash equivalents	$	(213,111)

(in thousands, except share and per share amounts)

D. Represents the preliminary fair value adjustment to inventory of $16,244. Finished goods were valued at estimated selling prices less the sum of estimated costs of disposal and reasonable profit allowance for selling effort. The preliminary fair value adjustment related to the inventory acquired was not included in cost of goods sold pro forma adjustments as they will not have a continuing impact on the operations of the combined business.

E. Represents an adjustment of $4,722 to property, plant and equipment to reflect the preliminary estimated fair value.

F. The preliminary purchase price related to the transaction has been allocated to the Company's tangible and identifiable intangible assets acquired and net liabilities assumed, based on their estimated acquisition date fair values. The excess of purchase price over the net tangible & intangible assets is recorded to goodwill. The pro forma adjustment for goodwill was calculated as follows:

		September 30, 2018
Total goodwill associated with the Transaction	$	350,304
Eliminate goodwill associated with the Alpha Group		(8,594)
Estimated goodwill pro forma adjustment	$	341,710

G. The estimated fair value of the Alpha Group's identifiable intangible assets acquired as part of the Transaction are as follows:

		September 30, 2018
Estimated fair value of identifiable intangible assets acquired	$	319,434
Eliminate intangible assets associated with the Alpha Group		(1,612)
Estimated identifiable intangible assets pro forma adjustment	$	317,822

H. Represents the reclassification of transaction costs of $2,168 that were accrued for as of September 30, 2018 to reduce cash (included as part of transaction costs paid in 4C).

I. Represents an adjustment to record an indemnification receivable of $6,000 in accordance with the terms of the Agreement.

J. Represents an adjustment for borrowings of $449,249 to fund the Transaction, which are net of unamortized debt issuance costs of $751.

K. Represents an adjustment of $61,714 to record the deferred tax impact related to the Transaction.

L. Represents the elimination of the Alpha Group's historical common stock, additional paid-in-capital, and accumulated other comprehensive loss.

M. Represents an adjustment to record consideration transferred in connection with the Transaction of 1,177,630 shares of EnerSys common stock.

N. Represents an adjustment to eliminate the Alpha Group's historical retained earnings of $151,306 and to record the estimated additional acquisition costs not previously accrued for of $10,192 which is projected to be incurred after September 30, 2018.

(in thousands, except share and per share amounts)

5. Pro forma adjustments to the unaudited Pro Forma Condensed Combined Statements of Income for the six month period ended September 30, 2018 and for the year ended March 31, 2018

This note should be read in conjunction with Note 1. Basis of Presentation; Note 2. Preliminary Purchase Price Allocation; and Note 4. Pro forma adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet as of September 30, 2018. Adjustments included in the column under the heading 'Pro Forma Adjustments" and "Eliminations" represent the following:

A. Represents an adjustment to eliminate sales and cost of goods sold between EnerSys and the Alpha Group of $28,232 and $27,927, respectively, for the six month period ended September 30, 2018 and $30,551 and $26,507, respectively, for the year ended March 31, 2018. These sales were in the normal course of business.

B. Operating expenses are adjusted as follows:

	Six months ended September 30, 2018	Year ended March 31, 2018
Eliminate EnerSys and Alpha Group transaction costs incurred	$ (3,769)	$ (1,777)
Eliminate expenses related to excluded assets	(3,396)	(6,895)
Eliminate Alpha Group historical intangible asset amortization expense	(989)	(1,979)
Estimated transaction-related intangible asset amortization expense(*)	9,351	18,701
Estimated transaction-related property, plant and equipment depreciation expense (**)	1,200	2,400
Estimated adjustment to operating expenses	$ 2,397	$ 10,450

(*) Assumes an estimated $230,585 of finite-lived intangibles and a weighted average amortization period of approximately 12.5 years (see Note 2. Preliminary Purchase Price Allocation).
(**) Assumes straight-line depreciation of the estimated fair value adjustment over a weighted average life of 2 years.

C. The Company estimates interest expense to increase for the following:

	Six months ended September 30, 2018	Year ended March 31, 2018
Additional interest expense associated with the issuance of approximately $450,000 of debt to partially fund the Transaction through the Credit Agreement Amendment with an assumed interest rate of approximately 3.7% (**)	$ 9,848	$ 16,650
Amortization of debt issuance costs of $751 associated with the Credit Agreement Amendment entered into to fund the Acquisition	94	192
Eliminate interest expense incurred by Alpha Group related to liabilities excluded as part of the Transaction	(163)	(298)
Total incremental interest expense	$ 9,779	$16,544

(**) If interest rates were to increase or decreased by 0.125% from the floating rates assumed in estimating this pro forma adjustment to interest expense, pro forma interest expense would increase or decrease by approximately $281 in the six months ended September 30, 2018 and $562 for the year ended March 31, 2018.

D. Represents an adjustment to eliminate other income and expenses related to the assets and liabilities excluded as part of the Transaction.

E. The Company is still in the process of evaluating the current and deferred tax implication of the Transaction. The pro forma tax expense for the adjustments recorded were calculated utilizing the statutory rates for the entities where the cost would be incurred. The effective tax rate of the combined entity could be different depending on post-acquisition activities.

F. Represents the pro forma basic and diluted net earnings per share attributable to EnerSys stockholders calculated using the historical weighted average shares of EnerSys' common stock outstanding and additional EnerSys equity issued in conjunction with the Transaction, if deemed dilutive.