

**AMTEC PRECISION PRODUCTS, INC.
AND SUBSIDIARIES**

ELGIN, ILLINOIS

CONSOLIDATED FINANCIAL STATEMENTS

Including Independent Auditors' Report

March 31, 2015 and March 31, 2014

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Stockholders and Board of Directors
AMTEC Precision Products, Inc. and Subsidiaries
Elgin, Illinois

We have audited the accompanying financial statements of AMTEC Precision Products, Inc. and its subsidiaries, which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of income, comprehensive income, changes in stockholders' equity and partners' capital, and cash flows for the years then ended, and the related notes to 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.

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Company'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 Company'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.

The accompanying financial statements have been prepared assuming that the company will continue as a going concern. As discussed in note 4 "Indebtedness" to the financial statements the company has not paid the installments as per the loan agreements during the year. This raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 16 "Refinancing". The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Except for the company's ability to continue as a going concern referred in the above paragraph in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMTEC Precision Products, Inc. and its subsidiaries as of March 31, 2015 and 2014, 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.

A handwritten signature in black ink, consisting of several overlapping loops and a final flourish.

Smart Millennium Solutions Limited.
Westmont, Illinois

May 15, 2015 except for note 4 & 12 to the financial statements March 15, 2016

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

March 31, 2015 and 2014

	3/31/2015	3/31/2014
ASSETS		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,197	\$ 11,487
Accounts receivable, net	4,574,342	4,604,910
Inventories	4,980,146	4,395,489
Prepaid expenses and other current assets	594,275	808,993
Deferred income taxes	302,000	373,000
Total Current Assets	10,463,960	10,193,879
NET PROPERTY AND EQUIPMENT	13,192,498	13,628,530
OTHER ASSETS		
Other long-term assets	164,795	162,341
Deferred income taxes	4,181,000	4,110,000
Deferred financing fees	10,938	10,833
Total Other Assets	4,356,733	4,283,174
TOTAL ASSETS	\$ 28,013,191	\$ 28,105,583

LIABILITIES AND STOCKHOLDERS' EQUITY

	3/31/2015	3/31/2014
CURRENT LIABILITIES		
Checks issued in excess of bank balances	\$ 302,513	\$ 303,875
Revolving lines of credit	2,994,778	2,994,778
Term debt - current portion	12,908,889	3,227,355
Accounts payable - Non affiliates	2,702,268	2,220,492
Accounts payable - Dues to Parent co.	-	4,353,137
Other accrued liabilities	408,294	704,433
Accrued salaries & employee benefits	423,552	402,615
Total Current Liabilities	19,740,294	14,206,684
 LONG TERM LIABILITIES		
Term debt	802,358	10,942,747
Due to parent company	23,376,697	23,376,697
Due to parent company-Accounts Payable	4,416,700	-
Total long term liabilities	28,595,755	34,319,444
 Total Liabilities	 48,336,049	 48,526,128
 Stockholders' Equity		
Common Stock: \$0.01 par value per share 1,000 shares authorized, 1,000 shares issued and outstanding	10	10
Additional paid-in capital	35,105,621	35,105,621
Accumulated deficit	(55,428,489)	(55,526,175)
Total shareholders' Equity	(20,322,858)	(20,420,544)
 TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	 \$ 28,013,191	 \$ 28,105,583

See accompanying notes to consolidated financial statements

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED
DEFICIT**

For the years ended March 31, 2015 and 2014

	3/31/2015	3/31/2014
NET SALES	\$ 33,480,904	\$ 30,684,379
COST OF GOODS SOLD	30,583,172	28,533,775
Gross Income	2,897,732	2,150,604
OPERATING EXPENSES	2,212,798	2,353,093
Operating Income / (Loss)	684,934	(202,489)
OTHER INCOME (EXPENSE)		
Interest Expense	670,483	714,576
Other Expense / (income)	(90,736)	(58,638)
Net Other Expenses	579,747	655,938
Loss Before Income Taxes	105,186	(858,427)
Benefit For Income taxes	(7,500)	-
NET Profit / (Loss)	97,686	(858,427)
RETAINED EARNINGS - Beginning of Period	(55,526,175)	(54,667,748)
ACCUMULATED DEFICIT - END OF PERIOD	(55,428,489)	(55,526,175)

See accompanying notes to consolidated financial statements

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended March 31, 2015 and 2014

	3/31/2015	3/31/2014
CASHFLOWS FROM OPERATING ACTIVITIES		
Net Profit / (Loss)	\$ 97,686	\$ (858,427)
Adjustments to reconcile net loss cash flows from operating activities		
Depreciation	1,390,465	1,373,360
Deferred financing fees	(104)	7,250
Amortization of deferred Marketing cost	-	4,700
Changes in assets and liabilities:		
Accounts receivable	30,568	89,196
Inventories	(584,657)	118,667
Prepaid expenses and other assets	214,718	(240,497)
Accounts payable	545,339	(136,452)
Other long-term assets	(2,454)	(30,000)
Accrued Liabilities	(275,201)	(97,892)
Net Cash Flows from Operating Activities	1,416,360	229,905
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure	(954,433)	(21,592)
Net Cash Flows from Investing Activities	(954,433)	(21,592)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance/(Repayment) of Term Loan	(525,000)	(50,000)
Issuance/(Repayment) of WCTL	(654,413)	(238,971)
Issuance/(Repayment) of Auto / Fork lift Loan	(20,827)	(23,439)
Issuance/(Repayment) of Equipment Loan	741,385	-
Increase in checks issued in excess of bank balance	(1,362)	113,126
Increase/(Decrease) in Revolving line of Credit	-	(5,222)
Net Cash Flows from Financing Activities	(460,217)	(204,505)
Net Change in Cash and Cash Equivalents	1,710	3,808
CASH AND CASH EQUIVLALENTS - Beginning of the year	11,487	7,679
CASH AND CASH EQUIVLALENTS - END OF year	13,197	11,487
Supplemental cash flow disclosure		
Cash paid for interest	\$617,304	\$ 650,943

See accompanying notes to consolidated financial statements

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years ended MARCH 31, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies

Nature of Operations and Principles of Presentation

AMTEC Precision Products, Inc. ("AMTEC" or the "company", a Delaware corporation) is a wholly owned subsidiary of UCAL Fuel Systems Ltd (UCAL). The company's subsidiaries are manufacturers of precision metal and plastic products and assemblies, primarily serving the automotive, truck, and capital goods industries in the United States. The accompanying consolidated financial statements include the consolidated results of AMTEC and its wholly owned subsidiaries, North American Acquisition Corporation ("NAAC") and AMTEC Molded Products, Inc. as of March 31, 2015 and for the period from April 1, 2014 to March 31, 2015. Significant intercompany accounts and transactions have been eliminated in consolidation.

NAAC, a manufacturer of precision-machined components and AMTEC Molded Products, Inc., a plastic injection molding company both companies operate out of two separate facilities in Elgin, Illinois.

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.

Revenue Recognition

The company recognizes revenue when goods are shipped, at which time the title and risk of loss passes to the customer.

Cash and Cash Equivalents

The company considers depository accounts and investments with original maturities of three months or less to be cash and cash equivalents. The company maintains its cash balances in financial institutions which at times may exceed federally insured limits.

Accounts Receivable

Accounts receivable are shown net of an allowance for doubtful accounts of \$86,637 and \$337,137 as of March 31, 2015 and March 31, 2014 respectively.

On an ongoing basis, the company evaluates its accounts receivable based on customer and industry credit conditions, historical write-offs and collections, and adjusts its allowance for returns and doubtful accounts accordingly. Accounts receivable have been adjusted for all known uncollectible accounts. In addition to reserving for specifically identified uncollectible accounts, the company records a general allowance on the remaining accounts receivable balance based on a percentage of uncollectible accounts. The company's policy regarding write-offs and collection efforts varies based on individual customer circumstances. The company does not record interest on past due accounts receivable.

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended MARCH 31, 2015 and 2014

NOTE 1 - Summary of Significant Accounting Policies

Inventories

Inventories are valued at lower of cost using the first-in, first-out (FIFO) method or market. Work in process and finished goods includes the cost of materials, labor and manufacturing overhead. Perishable tooling is recorded in inventory when purchased and charged to cost of sales when consumed in the manufacture of the company's products.

Property and Equipment

Property and equipment of the company are stated at acquisition cost less accumulated depreciation. Major expenditures for property and equipment are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Depreciation is computed primarily utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of the company's assets under capital lease is included as a component of depreciation expense.

Deferred Financing Fees

In connection with its restructuring of indebtedness during financial year 2012-13, the company incurred fees in the amount of \$33,250. These fees are being amortized on a straight-line basis over the related term of indebtedness. The amortization fee was \$3,021 and \$15,062 for the years ended March 31, 2015 and March 31, 2014 respectively. This amortization fee was included as a component of interest expense. This is fully amortized as of March 31, 2015.

Deferred Marketing Cost

In connection with business development in Europe during year 2006 & 2007 the company had incurred cost in the amount of \$141,000. These costs are amortized on a straight-line basis over a five year period starting from the year ended May 31, 2009. The amortization expenses were NIL and \$4,700 for year ended March 31, 2015 and March 31, 2014 respectively. These amortization expenses are included under the head "Operating Expenses". As of year ended March 31, 2014 this expense was fully amortized.

Impairment of Long-Lived Assets

The company reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. The company is operating at 72% level capacity and has estimated that approximately \$2,500,000 of net book value of its long-lived assets are temporarily idle. The company is expecting that the future sales will increase and these idle long-lived assets will be utilized in future. Therefore, no impairment losses have been recognized.

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2014 and 2013

Advertising

Advertising costs are charged to operations when incurred.

Shipping and Handling Costs

Shipping and handling costs charged to customers have been included in net sales. Shipping and handling costs incurred by the company have been included in cost of goods sold.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for the tax effect of temporary differences between the basis of certain assets and liabilities for financial and income tax reporting purposes and for net operating loss carry forwards. The deferred tax assets and liabilities represent the future tax return consequences of those temporary differences, which will either be taxable or deductible when the assets or liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when the probability of not being able to realize these assets is more likely than not.

NOTE 2 - Inventories

Inventories consist of the following at March 31:

	<u>3/31/2015</u>	<u>3/31/2014</u>
Raw Material	1,208,551	930,891
Work in Process	1,432,184	1,135,410
Finished Goods	250,627	258,846
Production supplies and replacement parts*	1,977,551	1,980,345
Perishable tooling	563,241	482,005
	<u>5,432,154</u>	<u>4,787,497</u>
Obsolescence reserve	(452,008)	(392,008)
Total Inventory	<u>4,980,146</u>	<u>4,395,489</u>

* Included are \$1.8 million replacement parts in stock for future usage.

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended MARCH 31, 2015 and 2014

NOTE 3 – Property and Equipment

The major categories of property and equipment at Mar 31 are as follows:

	Depreciable Lives	3/31/2015	3/31/2014
Plant machinery and equipment	5 to 20 yrs.	\$32,495,764	\$31,605,984
Leasehold improvements	10 yrs.	1,543,940	1,543,940
Vehicles	3 to 5 yrs.	115,081	115,081
Office computers and software	3 yrs.	829,032	764,378
Office furniture and fixtures	5 yrs.	117,805	117,805
Total Property and Equipment		35,101,621	34,147,188
Less: accumulated depreciation and amortization		21,909,123	20,518,658
Net Property and Equipment		<u>\$ 13,192,498</u>	<u>\$ 13,628,530</u>

NOTE 4 - Indebtedness

Term Loan and Revolving Credit Facility - State Bank of India

On June 15, 2005, the company entered into a revolving credit agreement with the State Bank of India which allows it to borrow up to \$22,000,000 under a \$16,000,000 term loan and \$6,000,000 line of credit.

On November 25, 2008 the company received an amendment from the bank allowing it to defer repayment of term up to two years, there by extending the first payment to December 1, 2010 and renewal with reduction of revolving line of credit facility to \$3,000,000 with conversion of remaining part into working capital term loan. The amendment also includes change of interest rate from 6 months LIBOR plus 250 bps to 3 months LIBOR plus 300 bps.

On November 16, 2012 the company received an amendment from the bank allowing it to defer repayment of term loan installments up to December 2013 and defer repayment of working capital term loan installments up to November 2013. The amendment also includes change of rate of interest for term loan and working capital term loan from LIBOR plus 300 bps to LIBOR plus 350 bps. For the revolving line of credit the rate of interest changed from LIBOR plus 300 bps to LIBOR plus 325 bps.

The Company has paid the installments due on June 2014 amounting to \$25,000 and installment due on September 2014 amounting to \$500,000. The installments due on December 2014 and Mar 2015 amounting totaling to \$1,400,000 are since past due. The company is working with the bank for refinancing the debt (please read the para "Refinancing").

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Years ended MARCH 31, 2015 and 2014

NOTE 4 - Indebtedness (Contd.)

As per the existing loan agreement the balance of term loan \$10,725,000 is payable in twelve quarterly installments as below:

- Five quarterly installments of \$700,000 each on Dec 2014, Mar 2015, Jun 2015, Sep 2015, and Dec 2015.
- Three quarterly installments of \$800,000 each on March 2016, Jun 2016 and Sep 2016.
- One quarterly installment of \$900,000 in Dec 2016.
- One quarterly installment of \$1,000,000 in March 2017.
- One quarterly installment of \$1,500,000 in Jun 2017.
- Final quarterly installment of \$1,425,000 will be due on Sep 01, 2017.

Working Capital term Loan:

The company has paid the monthly installments due up to Sep 2014 amounting to \$125,000. The monthly installments due since Oct 2014 amount totaling to \$375,000 are since past due. The company is working with the bank for refinancing the debt (please read the para "Refinancing").

As per the existing loan agreement the balance of working capital term loan 1,125,000 is payable in eighteen monthly installments as following:

- Eighteen monthly installments of \$62,500 each from Oct 2014 to Mar 01, 2016.

Borrowings under the agreement are secured by charge on Current Assets and Fixed Assets of the company. The rate of interest for the term loans were at 3 months LIBOR plus 350 bps (3.76% as of March 31, 2015 and 3.74% as of March 31, 2014). The rate of interest for the revolving line of credit was at LIBOR plus 325 bps (3.52% as of March 31, 2015 and 3.49% as of March 31, 2014). Borrowings outstanding under the term loan were \$10,725,000 and \$11,250,000 as on March 31, 2015 and March 31, 2014 respectively. Borrowings under working capital term loan were \$1,125,000 and \$1,250,000 as on March 31, 2015 and March 31, 2014 respectively. Borrowings outstanding under the line of credit were \$2,994,778 as on March 31, 2014 and March 31, 2013 respectively.

As of March 2015 the company has paid the interest obligations.

UCAL has guaranteed payment of all outstanding borrowings under the revolving credit agreement.

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended MARCH 31, 2015 and 2014

NOTE 4 - Indebtedness (Contd.)

Working Capital Term Loan -Bank of India

On February 21, 2007 the company entered an agreement with Bank of India, which allows borrowing up to \$3,000,000 to fund the working capital requirements. Borrowings under the agreement bear interest at 3.65% and 3.24% as on March 31, 2015 and March 31, 2014 respectively. Borrowings outstanding under the term loan were \$1,058,889 and \$1,588,302 as on March 31, 2015 and March 31, 2014 respectively.

On May 2012 the company received an amendment allowing it to defer the repayment of the Term Loan by 24 months. The balance \$1,764,773 will be paid in ten quarterly installments of \$176,477 starting from December 2013. The amendment also includes change of interest rate to three months LIBOR plus 300 bps from 3%.

The company has paid the installments due up to Sep 2014. The installments due on Dec 2014 and Mar 2015 amount totaling to \$352,942 are since due. The company is working with the bank for refinancing the debt (please read the para "Refinancing").

As of Mach 2015 the company has paid the interest obligations.

NOTE 5 - Employee Benefit Plans

Eligible employees are covered under the AMTEC Precision Products, Inc. and Subsidiaries Employee Savings Plan (the "Plan") and the AMTEC Precision Products, Inc. and Subsidiaries Employee Savings Trust (the "Trust"). Annual contributions of the company are discretionary and must receive prior approval by the Board of Directors of the company. The contributions are allocated among all eligible participants based on the percentage of allowable compensation. The Board of Directors did not approve any profit-sharing contributions during the period from April 1, 2014 through March 31, 2015 and for the previous year ended March 31, 2014.

The Plan also contains a 401(k) provision, which allows the company, on an annual basis, to specify the formula for the employer-matching contributions. For the plan year ended May 31, 2008, the company matched 40% of the first \$4,000 and \$5,000 contributed by each union and non-union employee, respectively. As a cost reduction measure the company had decided not to contribute under the plan starting from October 2008. Employer-matching contributions were Zero for the years ended March 31, 2015 for the year ended March 31, 2014.

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2015 and 2014

NOTE 6 - Related Party Transactions

The company's obligation to UCAL was \$23,376,697 as of March 31, 2015 and March 31, 2014 respectively.

The material purchases from UCAL were \$9,310 and \$58,058 for the years ended March 31, 2015 and March 31, 2014 respectively.

During the year 2014-15 Mak LLC became a related party. Prior to year 2008 the company had paid certain amount to Mak towards rendering future management services. The outstanding principal balance of advances to Mak LLC was \$240,000 as on March 31, 2015 and March 31, 2014 respectively. The amount of accrued interest on this advance as on March 31, 2015 was at \$73,067.

NOTE 7 – Lease Commitments

The company leases certain facilities under various lease agreements. Total minimum commitments payable under these leases are as follows:

	Operating	Capital
Fiscal year 2015-16	817,188	211,290
Fiscal year 2016-17	839,633	210,450
Fiscal year 2017-18	862,710	200,003
Fiscal year 2018-19	886,437	168,399
Thereafter	1,394,107	113,835
Total future minimum lease payments	<u>4,800,076</u>	<u>903,977</u>
Less: Amount representing interest		<u>101,619</u>
Present value of future minimum lease payment		802,358
Less: Current portion		171,015
Long-Term obligation under capital lease		<u>631,343</u>

Rent expense on operating leases were approximately \$ 804,074 and \$769,850 for the periods from April 1, 2014 through March 31, 2015 and April 1, 2013 to March 31, 2014 respectively.

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2015 and 2014

NOTE 8 - Income Taxes

The components of the provision for income taxes for the March 31, 2015 and March 31, 2014 are as follows:

	3/31/2015	3/31/2014
Current tax expense	\$ -	\$ -
Deferred tax benefit	\$ 119,000	\$ 619,000
Increase in valuation allowance	\$ (119,000)	\$ (619,000)
Total Provision for Income Taxes	\$ -	\$ -

The provision for taxes differs from the expected provision that would result from the application of federal tax rates to pre-tax income. The primary differences are attributed to state income taxes, changes in deferred tax asset valuation allowances, and nondeductible and travel and entertainment expenses.

Components of the deferred tax asset (liability) balances are as follows at March 31:

	3/31/2015	3/31/2014
Assets		
Accrued expenses	\$ 34,000	\$ 44,000
Reserve for doubtful accounts	\$ 33,000	\$ 130,000
Inventories	\$ 230,000	\$ 188,000
AMT tax credit	\$ 2,057,000	\$ 2,057,000
Federal net operating loss carry forward	\$ 25,113,000	\$ 25,060,000
State net operating loss carry forward	\$ 3,765,000	\$ 3,756,000
	\$ 31,232,000	\$ 31,235,000
Less: Valuation allowance	\$ 23,237,000	\$ 23,118,000
Total Deferred Tax Assets	\$7,995,000	\$ 8,117,000
Liabilities		
Prepaid insurance	\$ 5,000	\$ 11,000
Intangible assets	\$ -	\$ -
Depreciation	\$ (3,517,000)	\$ (3,645,000)
Total Liabilities	\$ (3,512,000)	\$ (3,634,000)
Net Deferred Tax Asset	\$ 4,483,000	\$ 4,483,000

The company records a valuation allowance when it determines that the benefit from certain tax assets will not be realized. The company's valuation allowance specifically relates to benefits from net operating loss carry forwards that it anticipates will not be realized in the future.

The company has federal and state net operating loss carry forwards of approximately \$73,861,976 and \$53,801,829 respectively. The federal and state net operating losses carried forward will expire beginning

AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years ended MARCH 31, 2015 and 2014

NOTE 8 - Income Taxes (contd.)

in 2020 and 2016 respectively.

Tax-related balances included in the company's consolidated balance sheet at March 31 are as follows:

	3/31/2015	3/31/2014
Current assets	\$ 302,000	\$ 373,000
Non-current assets	4,181,000	4,110,000
Total	\$ 4,483,000	\$ 4,483,000

NOTE 9 - Concentrations

Major Customers

During the period from April 1, 2014 through March 31, 2015, eight major customers accounted for 93% of the company's total sales. Amounts due from these customers comprised 93% of total accounts receivable as of March 31, 2015. During the period from April 1, 2013 through March 31, 2014, eight major customers accounted for 88% of the company's total sales. Amounts due from these customers comprised 85% of total accounts receivable as of March 31, 2014.

Major Suppliers

During the period from April 1, 2014 through March 31, 2015, the company purchased a majority of its steel and aluminum inventory from six suppliers. Management does not perceive this concentration as a significant risk as alternative steel suppliers are readily available. During the period from April 1, 2013 through March 31, 2014, the company purchased a majority of its steel and aluminum inventory from six suppliers.

Union Concentration

Approximately 55% of the company's employees are subject to a labor agreement with the AFL-CIO Local 30 bargaining unit. The company's current labor agreement expires during September 2017.

NOTE 10 - Support from Parent Company

During the period from April 1, 2014 to March 31, 2015 and April 1, 2013 to March 31, 2014 the company has earned profits and did not depend on UCAL for financial support for its operations.

NOTE 11 - Litigations

None.

NOTE 12 – Subsequent Event**Refinancing**

During 2015 AMTEC was successful in receiving offers from 5 different US banks. After extensive discussions and negotiations, the management shortlisted Wells Fargo as a primary option.

As of March 2016 the Wells Fargo approval had expired. Wells Fargo will renew the approval after the completion of the March year end and submit the preliminary financial statements. The company is confident of receiving Wells Fargo renewed approval.

The current outstanding bank loan of \$15.901 million is planned to be refinanced as proposed below and the same was approved by the existing banks (State Bank of India and Bank of India). The broad terms of the proposal is as below:

- o \$7.901 million to be repaid from the refinancing.
- o Balance \$8.00 million is repaid by UCAL as Equity investment in AMTEC.

UCAL is working with banks in India to obtain a term loan to infuse \$8.00 million as equity.

Wells Fargo proposal includes working capital limit up to \$10 million (subject to borrowing base) and a limit for investment on capital equipment up to \$1.50 million. This will help AMTEC the much needed life support for survival and to take its business to the next level.

NOTE 13 – Prior Period Adjustments

None.
