

AMTEC PRECISION PRODUCTS INC., USA 2015-16 FINANCIALS

The consolidated financial statements of UCAL Fuel Systems Limited for the financial year 2015-16 have been prepared taking into consideration the Management reviewed accounts of AMTEC Precision Products Inc for the year 2015-16. The same has been mentioned by the statutory auditors of UCAL Fuel Systems Limited in the consolidated Auditors Report. The audited accounts of AMTEC Precision Products Inc., for the financial year 2015-16 is yet to be received from the subsidiary. On receipt of the same from the subsidiary it will be uploaded in the website.

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
March 31, 2016 and 2015

	3/31/2016	3/31/2015
ASSETS		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 13,757	\$ 13,197
Accounts receivable, net	4,670,135	4,574,342
Inventories	5,071,658	4,980,146
Prepaid expenses and other current assets	520,297	502,424
Deferred income taxes	302,000	302,000
Total Current Assets	10,577,847	10,372,109
NET PROPERTY AND EQUIPMENT	11,842,141	13,192,498
OTHER ASSETS		
Other long-term assets	164,795	164,795
Deferred income taxes	4,181,000	4,181,000
Deferred financing fees	70,120	10,938
Total Other Assets	4,415,914	4,356,733
TOTAL ASSETS	\$26,835,903	\$ 27,921,340

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LIABILITIES AND STOCKHOLDERS' EQUITY

	3/31/2016	3/31/2015
CURRENT LIABILITIES		
Checks issued in excess of bank balances	\$ 443,011	\$ 302,513
Revolving lines of credit	2,994,778	2,994,778
Term debt - current portion	9,981,321	6,695,280
Accounts payable - Non affiliates	2,804,678	2,702,268
Other accrued liabilities	434,647	408,294
Accrued salaries & employee benefits	355,852	423,552
Total Current Liabilities	17,014,287	13,526,685
LONG TERM LIABILITIES		
Term debt	3,580,798	7,015,967
Due to parent company	23,372,097	23,376,697
Due to parent company-Accounts Payable	4,416,700	4,416,700
Total long term liabilities	31,369,595	34,809,364
Total Liabilities	48,383,882	48,336,049
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	(56,653,610)	(55,520,340)
Total shareholders' Equity	(21,547,979)	(20,414,709)
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$26,835,903	\$ 27,921,340

See accompanying notes to consolidated financial statements

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED
DEFICIT**

For the years ended March 31, 2016 and 2015

	3/31/2016	3/31/2015
NET SALES	\$ 34,100,774	\$33,480,904
COST OF GOODS SOLD	32,216,068	30,583,173
Gross Income	1,884,706	2,897,731
OPERATING EXPENSES	2,305,058	2,212,798
Operating Income / (Loss)	(420,353)	684,934
OTHER INCOME (EXPENSE)		
Interest Expense	712,917	670,483
Other Expense / (income)	-	1,116
Net Other Expenses	712,917	671,599
Loss Before Income Taxes	(1,133,269)	13,335
Benefit For Income taxes	-	(7,500)
NET Profit / (Loss)	(1,133,269)	5,835
RETAINED EARNINGS - Beginning of Period	(55,428,489)	(55,526,175)
ACCUMULATED DEFICIT - END OF PERIOD	(56,561,758)	(55,520,340)

See accompanying notes to consolidated financial statements

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended March 31, 2016 and 2015

	<u>3/31/2016</u>	<u>3/31/2015</u>
CASHFLOWS FROM OPERATING ACTIVITIES		
Net Profit / (Loss)	\$ (1,133,269)	\$ 5,835
Adjustments to reconcile net loss cash flows from operating activities		
Depreciation	1,495,401	1,390,465
Deferred financing fees	(59,182)	(104)
Amortization of deferred Marketing cost		-
Changes in assets and liabilities:		
Accounts receivable		30,568
Inventories	(95,793)	(584,657)
Prepaid expenses and other assets	(91,512)	306,569
Accounts payable	(17,873)	545,339
Other long-term assets	-	(2,454)
Accrued Liabilities	(41,347)	(275,201)
Net Cash Flows from Operating Activities	<u>158,834</u>	<u>1,416,360</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditure	(145,043)	(954,433)
Net Cash Flows from Investing Activities	<u>(145,043)</u>	<u>(954,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance/(Repayment) of Term Loan	-	(525,000)
Issuance/(Repayment) of WCTL	(2,568)	(654,413)
Issuance/(Repayment) of Auto / Fork lift Loan	(20,827)	(20,827)
Issuance/(Repayment) of Equipment Loan	(146,560)	741,385
Increase in checks issued in excess of bank balance	140,498	(1,362)
Increase/(Decrease) in Revolving line of Credit	-	-
Dues to Parent Co.	(4,600)	-
Net Cash Flows from Financing Activities	<u>(13,229)</u>	<u>(460,217)</u>
Net Change in Cash and Cash Equivalents	561	1,710
CASH AND CASH EQUIVLAENTS - Beginning of the year	11,487	11,487
CASH AND CASH EQUIVLAENTS - END OF year	<u>13,197</u>	<u>13,197</u>
Supplemental cash flow disclosure		
Cash paid for interest	\$672,230	\$617,304

See accompanying notes to consolidated financial statements

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

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, 2016 and for the period from April 1, 2015 to March 31, 2016. 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 \$173,965 and \$86,637 as of March 31, 2016 and March 31, 2015 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

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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, 2016 and 2015

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, 2016.

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, 2015 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.

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2015 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>3/31/2016</u>	<u>3/31/2015</u>
Raw Material	1,050,749	1,208,551
Work in Process	1,522,063	1,432,184
Finished Goods	420,189	250,627
Production supplies and replacement parts*	1,993,663	1,977,551
Perishable tooling	559,002	563,241
	<u>5,545,666</u>	<u>5,432,154</u>
Obsolescence reserve	(474,008)	(452,008)
Total Inventory	<u>5,071,658</u>	<u>4,980,146</u>

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

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

NOTE 3 – Property and Equipment

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

	Depreciable Lives	3/31/2016	3/31/2015
Plant machinery and equipment	5 to 20 yrs.	\$32,571,469	\$32,495,764
Leasehold improvements	10 yrs.	1,567,268	1,543,940
Vehicles	3 to 5 yrs.	115,081	115,081
Office computers and software	3 yrs.	875,042	829,032
Office furniture and fixtures	5 yrs.	117,805	117,805
Total Property and Equipment		35,246,665	34,147,188
Less: accumulated depreciation and amortization		23,322,523	20,518,658
Net Property and Equipment		<u>\$ 11,842,142</u>	<u>\$ 13,192,498</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, March 2015, June 2015, September 2015, December 2015 and March 2016 amounting totaling to \$4,300,000 are since past due. The company is working with the bank for refinancing the debt (please read the para "Refinancing").

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

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 – State Bank of India:

The company has paid the monthly installments due up to Sep 2014 amounting to \$125,000. The monthly installments due since Oct 2014 (Oct 2014 installment was partially paid in the amount of \$2,568) amount totaling to \$1,122,432 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 1,122,432 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 (4.13% as of March 31, 2016 and 3.76% as of March 31, 2015). The rate of interest for the revolving line of credit was at LIBOR plus 325 bps (3.88% as of March 31, 2016 and 3.52% as of March 31, 2015). Borrowings outstanding under the term loan were \$10,725,000 and \$11,250,000 as on March 31, 2016 and March 31, 2015 respectively. Borrowings under working capital term loan were \$1,112,432 and \$1,125,000 as on March 31, 2016 and March 31, 2015 respectively. Borrowings outstanding under the line of credit were \$2,994,778 as on March 31, 2016 and March 31, 2015 respectively.

As of March 2016 the company has paid the interest obligations.

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

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

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 3.63% and 3.26% as on March 31, 2016 and March 31, 2015 respectively. Borrowings outstanding under the term loan were \$1,058,889 as on March 31, 2016 and March 31, 2015 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 stating 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 December 2014 and March 2015, June 2015, September 2015, December 2015 and March 2016 amount totaling to \$1,058,889 are since past due. The company is working with the bank for refinancing the debt (please read the para "Refinancing").

As of Mach 2016 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, 2015 through March 31, 2016 and for the previous year ended March 31, 2015.

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, 2016 for the year ended March 31, 2015.

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

NOTE 6 - Related Party Transactions

The company's obligation to UCAL was \$23,372,097 and \$23,376,697 as of March 31, 2016 and March 31, 2015 respectively.

The material purchases from UCAL were NIL and \$9,310 for the years ended March 31, 2016 and March 31, 2015 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, 2016 and March 31, 2015 respectively. The amount of accrued interest on this advance as on March 31, 2016 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 2016-17	836,062	209,684
Fiscal year 2017-18	858,980	205,537
Fiscal year 2018-19	882,828	173,933
Fiscal year 2019-20	615,126	127,004
Fiscal year 2020-21	222,027	4,984
Thereafter	954,278	-
Total future minimum lease payments	<u>4,369,301</u>	<u>721,142</u>
Less: Amount representing interest		<u>65,343</u>
Present value of future minimum lease payment		655,799
Less: Current portion		184,594
Long-Term obligation under capital lease		<u>471,205</u>

Rent expense on operating leases were approximately \$ 835,190 and \$804,074 for the periods from April 1, 2015 through March 31, 2016 and April 1, 2014 to March 31, 2015 respectively.

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

NOTE 8 - Income Taxes

The components of the provision for income taxes for the March 31, 2016 and March 31, 2015 are as follows:

	<u>3/31/2016</u>	<u>3/31/2015</u>
Current tax expense	\$ -	\$ -
Deferred tax benefit	\$ (271,000)	\$ 119,000
Increase in valuation allowance	\$ 271,000	\$ (119,000)
Total Provision for Income Taxes	<u>\$ -</u>	<u>\$ -</u>

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:

	<u>3/31/2016</u>	<u>3/31/2015</u>
Assets		
Accrued expenses	\$ 36,000	\$ 34,000
Reserve for doubtful accounts	\$ 67,000	\$ 33,000
Inventories	\$ 239,000	\$ 230,000
AMT tax credit	\$ 2,057,000	\$ 2,057,000
Federal net operating loss carry forward	\$ 24,953,000	\$ 25,113,000
State net operating loss carry forward	\$ 3,744,000	\$ 3,765,000
	<u>\$ 31,096,000</u>	<u>\$ 31,232,000</u>
Less: Valuation allowance	\$ 23,376,000	\$ 23,237,000
Total Deferred Tax Assets	<u>\$ 7,720,000</u>	<u>\$7,995,000</u>
Liabilities		
Prepaid insurance	\$ 9,000	\$ 5,000
Intangible assets	\$ -	\$ -
Depreciation	\$ (3,246,000)	\$ (3,517,000)
Total Liabilities	<u>\$ (3,237,000)</u>	<u>\$ (3,512,000)</u>
Net Deferred Tax Asset	<u>\$ 4,483,000</u>	<u>\$ 4,483,000</u>

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

NOTE 8 - Income Taxes (contd.)

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 \$73,450,000 and \$53,400,000 respectively. The federal and state net operating losses carried forward will expire beginning in 2020 and 2016 respectively.

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

	<u>3/31/2016</u>	<u>3/31/2015</u>
Current assets	\$ 302,000	\$ 302,000
Non-current assets	4,181,000	4,181,000
Total	<u>\$ 4,483,000</u>	<u>\$ 4,483,000</u>

NOTE 9 - Concentrations

Major Customers

During the period from April 1, 2015 through March 31, 2016, six major customers accounted for 85% of the company's total sales. Amounts due from these customers comprised 95% of total accounts receivable as of March 31, 2016. 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.

Major Suppliers

During the period from April 1, 2015 through March 31, 2016, 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, 2014 through March 31, 2015, 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, 2015 to March 31, 2016 and April 1, 2014 to March 31, 2015 the company has earned profits and did not depend on UCAL for financial support for its operations.

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AMTEC PRECISION PRODUCTS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Years ended MARCH 31, 2016 and 2015

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 April 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:

- \$7.901 million to be repaid from the refinancing.
- 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.
