

This is Exhibit "27" referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>TH</sup> day  
of SEPTEMBER, A.D. 20 17

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A Notary Public  
in and for the Province of Manitoba

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Financial Statements**

**Year Ended July 31, 2014**

*(Unaudited)*

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Index to Financial Statements

Year Ended July 31, 2014

*(Unaudited)*

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## REVIEW ENGAGEMENT REPORT

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To the Shareholders of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING

We have reviewed the balance sheet of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING as at July 31, 2014 and the statements of income, retained earnings and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

Morden, MB  
July 25, 2017

CHARTERED ACCOUNTANTS

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Balance Sheet

July 31, 2014

(Unaudited)

	2014	2013
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	\$ 922,132	\$ 1,156,663
Inventory (Note 5)	5,125,530	5,092,533
Goods and services tax recoverable	66,752	-
	<u>6,114,414</u>	6,249,196
PROPERTY, PLANT AND EQUIPMENT (Note 6)	7,840,170	4,954,826
INVESTMENT TAX CREDITS (Note 7)	187,724	15,120
CO-OP EQUITY	<u>2,531</u>	2,531
	<u>\$ 14,144,839</u>	<u>\$ 11,221,673</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 8)	\$ 2,170,781	\$ 1,464,118
Accounts payable (Note 9)	4,294,524	3,171,702
Income taxes payable (Note 10)	2,128	119,620
Goods and services tax payable	-	5,163
Provincial sales tax payable	7,755	10,056
Due to related parties (Note 11)	351,516	278,408
Current portion of long term debt (Note 12)	<u>304,888</u>	<u>298,464</u>
	7,131,592	5,347,531
LONG TERM DEBT (Note 12)	3,485,708	3,116,777
DUE TO SHAREHOLDERS (Note 13)	<u>315,923</u>	323,175
	<u>10,933,223</u>	8,787,483
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 14)	88	88
Retained earnings	<u>3,211,528</u>	<u>2,434,102</u>
	<u>3,211,616</u>	2,434,190
	<u>\$ 14,144,839</u>	<u>\$ 11,221,673</u>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Statement of Income

Year Ended July 31, 2014

*(Unaudited)*

	2014	2013
<b>REVENUE</b>		
Trailer sales	\$ 17,645,298	\$ 18,691,688
Rental revenue	62,638	9,949
	<u>17,707,936</u>	<u>18,701,637</u>
<b>COST OF SALES</b>		
Opening inventory	5,092,533	3,898,624
Purchases	8,354,530	11,522,159
Direct wages	4,936,650	3,939,967
Warranty	306,694	266,530
Freight in and duty	608,775	692,015
	<u>19,299,182</u>	<u>20,319,295</u>
Closing inventory	<u>(5,125,530)</u>	<u>(5,092,533)</u>
	<u>14,173,652</u>	<u>15,226,762</u>
<b>GROSS PROFIT</b>	<u>3,534,284</u>	<u>3,474,875</u>
<b>EXPENSES</b> <i>(Schedule 1)</i>	<u>3,123,159</u>	<u>2,885,929</u>
<b>INCOME FROM OPERATIONS</b>	<u>411,125</u>	<u>588,946</u>
<b>OTHER INCOME</b>		
Manitoba investment tax credits	172,604	-
Southwestern Ontario Development Fund grant <i>(Note 15)</i>	110,611	-
Scientific Research and Experimental Development tax credits	96,580	-
	<u>379,795</u>	<u>-</u>
<b>INCOME BEFORE INCOME TAXES</b>	<u>790,920</u>	<u>588,946</u>
<b>INCOME TAXES</b> <i>(Note 10)</i>	<u>13,494</u>	<u>41,058</u>
<b>NET INCOME</b>	<u>\$ 777,426</u>	<u>\$ 547,888</u>

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Statement of Retained Earnings

Year Ended July 31, 2014

(Unaudited)

	2014	2013
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 2,434,102	\$ 1,886,214
NET INCOME FOR THE YEAR	<u>777,426</u>	<u>547,888</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 3,211,528</u>	<u>\$ 2,434,102</u>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Statement of Cash Flows

Year Ended July 31, 2014

(Unaudited)

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 18,039,048	\$ 18,000,938
Cash paid to suppliers and employees	(15,329,033)	(18,156,213)
Income taxes paid	(130,986)	(48,886)
Interest paid	(377,850)	(312,343)
Goods and services tax	(71,915)	196,921
Provincial sales tax	(2,301)	(5,139)
Southwestern Ontario Development Fund grant	110,611	-
Cash flow from (used by) operating activities	<u>2,237,574</u>	<u>(324,722)</u>
<b>INVESTING ACTIVITY</b>		
Purchase of property, plant and equipment	<u>(3,385,448)</u>	<u>(2,443,626)</u>
<b>FINANCING ACTIVITIES</b>		
Advances from (to) related parties	73,108	(181,199)
Advances to shareholders	(7,252)	(9,982)
Proceeds from long term financing	701,116	3,735,000
Repayment of long term debt	<u>(325,761)</u>	<u>(1,354,231)</u>
Cash flow from financing activities	<u>441,211</u>	<u>2,189,588</u>
<b>DECREASE IN CASH FLOW</b>	<b>(706,663)</b>	<b>(578,760)</b>
Deficiency - beginning of year	<u>(1,464,118)</u>	<u>(885,358)</u>
<b>DEFICIENCY - END OF YEAR</b>	<b><u>\$ (2,170,781)</u></b>	<b><u>\$ (1,464,118)</u></b>

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

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1. DESCRIPTION OF BUSINESS

5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING (the "company") is incorporated under the Business Corporations Act of Manitoba. The company's principal business activity is the fabrication of gravel and specialty trailers for distribution in Canada and the United States.

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2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises ("ASPE").

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The company recognizes the revenue of a trailer when the fabrication of the trailer is complete and collection from the customer is reasonably assured. The company recognizes the revenue of consignment trailers when the consignor enters into a purchase agreement with the purchaser and collection is reasonably assured.

Rental revenue is recognized when the services have been performed and collection is reasonably assured.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventories of raw materials are valued at the lower of cost (first-in, first-out method) and net realizable value which is determined to be replacement cost. Inventories of work in process and finished goods are valued at the lower of cost (including an allocation of direct labour and material cost) and net realizable value. Net realizable value for work in process and finished goods is the estimated selling price in the ordinary course of business less the estimated costs of completion.

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5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment with a cost over \$5,000 are capitalized. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings & leasehold improvements	4%	declining balance method
Manufacturing equipment	10%	declining balance method
Computer equipment & software	20%	declining balance method
Office equipment	20%	declining balance method
Motor vehicles	30%	declining balance method

In the year of acquisition, one half of the normal rate is used.

Provincial investment tax credits

The company's purchase of manufacturing property, plant and equipment generates provincial investment tax credits that decrease the corporate income tax liability. These provincial investment tax credits are recognized in revenue when calculated on the corporate income tax return as collection is reasonably assured.

Investment tax credit

The company claims investment tax credits as a result of research and development. Investment tax credits are recognized when there is reasonable assurance of their realization. Management has made a number of estimates and assumptions in determining the expenditures eligible for the investment tax credit claim. The allowed amount of the investment tax credit claim could be significantly different from the recorded amount upon assessment by the Canada Revenue Agency.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. These estimates include allowance for doubtful accounts and amortization rates for property, plant and equipment. Actual results could differ from these estimates.

Income taxes

The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

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5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

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4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of July 31, 2014.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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5. INVENTORY

	<u>2014</u>	<u>2013</u>
Raw materials	\$ 3,795,098	\$ 3,626,313
Work in process	1,237,632	1,096,211
Finished goods	92,800	370,009
	<u>\$ 5,125,530</u>	<u>\$ 5,092,533</u>

50% of inventory excluding work in process with a maximum level of \$1,000,000 is used as security for the operating line of credit.

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5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Land	\$ 700,000	\$ -	\$ 700,000	\$ 700,000
Building & leasehold improvements	3,531,387	338,435	3,192,952	2,110,236
Manufacturing equipment	4,617,838	1,064,045	3,553,793	1,787,876
Computer equipment & software	248,223	79,419	168,804	140,673
Office equipment	24,549	14,914	9,635	12,044
Motor vehicles	485,727	270,741	214,986	203,997
	<b>\$ 9,607,724</b>	<b>\$ 1,767,554</b>	<b>\$ 7,840,170</b>	<b>\$ 4,954,826</b>

\$1,500,000 of land and building for the Morden, MB location and \$1,600,000 of land and building for the Blenheim, ON location are used as security for long-term debt.

7. INVESTMENT TAX CREDITS

	2014	2013
Manitoba research and development tax credit	\$ 173,098	\$ -
Manitoba manufacturing investment tax credit	14,626	15,120
	<b>\$ 187,724</b>	<b>\$ 15,120</b>

8. BANK INDEBTEDNESS

The authorized line of credit with the Bank of Montreal is \$2,000,000 and is due on demand. Interest is paid monthly on the outstanding balance at a variable rate of prime plus 3.75%. The line of credit is secured by a maximum of \$1,000,000 of inventory, 75% of Canadian accounts receivable under 60-days and 60% of U.S. accounts receivables under 60-days.

The company is required to maintain a debt to tangible net worth ratio of 2.5:1. The company is required to maintain a current ratio at or above 1.1:1. The company was in not in compliance with this ratio at year end. The company is required to maintain a debt service coverage at or above 1.25. The company was in not in compliance with this ratio at year end.

Non-compliance with ratios could result in the accelerated repayment of the financial liabilities. It is management's belief that these liabilities could be refinanced in the event of a demand for repayment.

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

9. ACCOUNTS PAYABLE

Accounts payable consist of the following amounts owing:

	<u>2014</u>	<u>2013</u>
Trade accounts payable	\$ 4,197,527	\$ 3,116,315
Employee deductions payable	87,172	49,927
Workers Compensation Board payable	9,825	4,842
Canadian Border Services Agency tariff payable	-	618
	<u>\$ 4,294,524</u>	<u>\$ 3,171,702</u>

10. INCOME TAXES

	<u>2014</u>	<u>2013</u>
Income before income taxes	\$ 790,920	\$ 588,946
Increase (decrease) resulting from:		
Non-deductible expenses	\$ 10,000	\$ 1,048
Capital cost allowance claimed in excess of amortization	(480,452)	(255,063)
Cumulative eligible capital deduction	(36)	(38)
Recapture of SR&ED expenditures	52,101	-
Investment tax credits	(269,184)	-
Taxable income	<u>\$ 103,349</u>	<u>\$ 334,893</u>
Income tax expense	<u>\$ 13,494</u>	<u>\$ 41,058</u>
Income tax rate	<u>13.06 %</u>	<u>12.26 %</u>

Income tax expense for the current year represents provincial income tax expense to the province of Ontario in the amount of \$2,128. The federal income tax expense of \$11,366 is offset with investment tax credits.

Income tax expense for the current year, less the investment tax credits, equals the income tax payable balance. In the prior year, other amounts owing to the Canada Revenue Agency attributed to the difference between the payable and expense.

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Notes to Financial Statements

Year Ended July 31, 2014

*(Unaudited)*

## 11. RELATED PARTY TRANSACTIONS

The following is a summary of the company's related party transactions:

	<u>2014</u>	<u>2013</u>
Maintenance Welding Products Ltd. <i>(related by a common shareholder)</i>		
Short-term financing	\$ 860,000	\$ 680,000
Product purchases	694,641	471,898
Payments on account	<u>(1,203,125)</u>	<u>(873,490)</u>
Due to related party	<u>351,516</u>	<u>278,408</u>
	<u>\$ 351,516</u>	<u>\$ 278,408</u>

These 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 amounts due to related parties are non-interest bearing and have no set repayment terms.

## 12. LONG TERM DEBT

	<u>2014</u>	<u>2013</u>
Business Development Bank of Canada - Loan #9, bearing interest at a base rate of 5% plus 0.5% variance per annum, with monthly principal payments in the amount of \$3,205, maturing on September 30, 2038. Secured by a \$1,500,000 value on the land and building of each of Morden, MB and Blenheim, ON, a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	\$ 923,040	\$ 962,125
Business Development Bank of Canada - Loan #11, bearing interest at a base rate of 5% plus 1.5% variance per annum, with monthly principal payments in the amount of \$16,667, maturing in August 2018. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	800,016	1,000,000
Business Development Bank of Canada - Loan #12, bearing interest at a base rate of 5% plus 1% variance per annum, with monthly principal payments in the amount of \$5,000, maturing on March 31, 2037. Secured by a \$1,500,000 value on the land and building of Morden, MB a \$1,600,000 value on the land and building of Blenheim, ON, a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	1,360,000	1,420,000

*(continues)*

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

12. LONG TERM DEBT (continued)

Business Development Bank of Canada - Loan #13, bearing interest at a base rate of 5% plus 1.5% variance per annum, with interest only payments. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value. Total loan disbursement of up to \$1,000,000 with an undisbursed amount at year-end of \$298,884.

2014                      2013

701,116                      -

Loan - Peter Trebuschnoj. The long-term loan to Peter Trebuschnoj is non-interest bearing and has no set repayment terms.

6,424                      33,116

3,790,596                      3,415,241

Amounts payable within one year

(304,888)                      (298,464)

**\$ 3,485,708**                      **\$ 3,116,777**

Principal repayment terms are approximately:

2015	\$	304,888
2016		298,464
2017		298,464
2018		298,464
2019		98,460
Thereafter		2,491,856

**\$ 3,790,596**

13. DUE TO SHAREHOLDERS

2014                      2013

Shareholder loans

**\$ 315,923**                      **\$ 323,175**

The amounts due to shareholders are non-interest bearing, have no set repayment terms and are secured by promissory notes. The shareholders have postponed repayment in favour of the bank. Accordingly, the advances from shareholders have been classified as a long term liability.

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2014

(Unaudited)

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14. SHARE CAPITAL

Authorized:

Unlimited Class A common voting shares;  
Unlimited Class B common non-voting shares;  
Unlimited Class A preferred, retractable, redeemable, non-cumulative voting shares;

	<u>2014</u>	<u>2013</u>
Issued and fully paid:		
88 Class A common voting share	\$ 88	\$ 88

All shares are without par value and are issued for unlimited maximum consideration.

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15. ONTARIO DEVELOPMENT FUND GRANT

During the year the company received approval for a \$500,000 grant from the Southwestern Ontario Development Fund. This grant has no repayment expectation and is used to decrease various expenses. The grant income is to be received over a period of 4-years based on meeting certain expense levels. The company's expenses for subsequent years to meet the requirements are unknown; only the current year income and associated receivable are accounted for.

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16. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Expenses

(Schedule 1)

Year Ended July 31, 2014

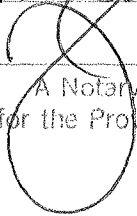
(Unaudited)

	2014	2013
Advertising and promotion	\$ 47,604	\$ 50,620
Amortization	500,102	329,428
Consulting fees	60,651	52,051
Contractor work	89,795	98,513
Insurance	162,714	102,666
Interest and bank charges	169,061	146,882
Interest on long term debt	208,789	165,461
Meals and entertainment	20,133	2,095
Office	38,061	54,934
Professional fees	121,916	86,315
Property taxes	99,550	168,875
Rental	37,592	48,453
Repairs and maintenance	28,830	26,081
Salaries and benefits	786,986	801,409
Telephone	33,377	42,804
Travel	306,647	356,090
Utilities	288,422	234,058
Workers Compensation Board charges	122,929	119,194
	<b>\$ 3,123,159</b>	<b>\$ 2,885,929</b>

This is Exhibit "28" referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>TH</sup> day  
of SEPTEMBER, A.D. 20 17

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A Notary Public  
in and for the Province of Manitoba



**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Financial Statements**

**Year Ended July 31, 2015**

*(Unaudited)*

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Index to Financial Statements

Year Ended July 31, 2015

*(Unaudited)*

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**REVIEW ENGAGEMENT REPORT**

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To the Shareholders of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING

We have reviewed the balance sheet of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING as at July 31, 2015 and the statements of income, retained earnings and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

*Krahn Friesen Neufeld*

Morden, MB  
January 20, 2016

CHARTERED ACCOUNTANTS

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## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Balance Sheet

July 31, 2015

(Unaudited)

	2015	2014
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable (Note 5)	\$ 1,805,801	\$ 922,132
Goods and services tax recoverable	-	66,752
Inventory (Note 6)	4,985,214	5,125,530
	<u>6,791,015</u>	6,114,414
PROPERTY, PLANT AND EQUIPMENT (Note 7)	9,256,492	7,840,170
INVESTMENT TAX CREDITS (Note 8)	195,047	187,724
CO-OP EQUITY	10,973	2,531
	<u>\$ 16,253,527</u>	<u>\$ 14,144,839</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 9)	\$ 2,025,544	\$ 2,170,781
Accounts payable (Note 10)	3,639,627	4,294,525
Income taxes payable (Note 11)	172,878	2,128
Provincial sales tax payable	8,153	7,755
Goods and services tax payable	40,003	-
Due to related parties (Note 12)	957,353	351,516
Current portion of long term debt (Note 13)	474,504	304,888
	<u>7,318,062</u>	7,131,593
LONG TERM DEBT (Note 13)	3,186,185	3,485,708
DUE TO SHAREHOLDERS (Note 14)	450,035	315,923
	<u>10,954,282</u>	10,933,224
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 15)	88	88
Retained earnings	5,299,157	3,211,527
	<u>5,299,245</u>	3,211,615
	<u>\$ 16,253,527</u>	<u>\$ 14,144,839</u>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Statement of Income  
Year Ended July 31, 2015  
(Unaudited)

	2015	2014
<b>REVENUE</b>		
Trailer sales	\$ 27,049,130	\$ 17,645,298
Rental revenue	130,243	62,638
	<u>27,179,373</u>	<u>17,707,936</u>
<b>COST OF SALES</b>		
Opening inventory	5,125,530	5,092,533
Purchases	15,541,259	8,354,530
Direct wages	4,952,015	4,936,650
Warranty	274,786	306,694
Freight in and duty	717,935	608,775
	<u>26,611,525</u>	<u>19,299,182</u>
Closing inventory	(4,985,214)	(5,125,530)
	<u>21,626,311</u>	<u>14,173,652</u>
<b>GROSS PROFIT</b>	<b>5,553,062</b>	<b>3,534,284</b>
<b>EXPENSES (Schedule 1)</b>	<b>3,445,233</b>	<b>3,123,159</b>
<b>INCOME FROM OPERATIONS</b>	<b>2,107,829</b>	<b>411,125</b>
<b>OTHER INCOME (LOSS)</b>		
Southwestern Ontario Development Fund grant	204,630	110,611
Scientific Research and Experimental Development tax credit	72,254	96,580
Manitoba investment tax credit income (loss)	(64,931)	172,604
Loss on disposal of property, plant and equipment	(59,274)	-
	<u>152,679</u>	<u>379,795</u>
<b>INCOME BEFORE INCOME TAXES</b>	<b>2,260,508</b>	<b>790,920</b>
<b>INCOME TAXES (Note 11)</b>	<b>172,878</b>	<b>13,494</b>
<b>NET INCOME</b>	<b>\$ 2,087,630</b>	<b>\$ 777,426</b>

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Statement of Retained Earnings

Year Ended July 31, 2015

(Unaudited)

	2015	2014
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 3,211,527	\$ 2,434,101
NET INCOME FOR THE YEAR	<u>2,087,630</u>	<u>777,426</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 5,299,157</u>	<u>\$ 3,211,527</u>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Statement of Cash Flow

Year Ended July 31, 2015

(Unaudited)

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 26,215,008	\$ 18,039,048
Cash paid to suppliers and employees	(24,458,088)	(15,329,033)
Income taxes paid	(2,128)	(130,986)
Interest paid	(423,656)	(377,850)
Scientific research and experimental development tax credit	72,254	-
Southwestern Ontario Development Fund grant	204,630	110,611
Goods and services tax	106,755	(71,915)
Provincial sales tax	398	(2,301)
Cash flow from operating activities	<u>1,715,173</u>	<u>2,237,574</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,325,613)	(3,385,448)
Proceeds on disposal of property, plant and equipment	145,635	-
Cash flow used by investing activities	<u>(2,179,978)</u>	<u>(3,385,448)</u>
<b>FINANCING ACTIVITIES</b>		
Advances from related parties	605,837	73,108
Advances from (to) shareholders	134,112	(7,252)
Proceeds from long term financing	378,707	701,116
Repayment of long term debt	(508,614)	(325,761)
Cash flow from financing activities	<u>610,042</u>	<u>441,211</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>145,237</b>	<b>(706,663)</b>
Deficiency - beginning of year	<u>(2,170,781)</u>	<u>(1,464,118)</u>
<b>DEFICIENCY - END OF YEAR</b>	<b>\$ (2,025,544)</b>	<b>\$ (2,170,781)</b>

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2015

(Unaudited)

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1. DESCRIPTION OF BUSINESS

5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING (the "company") is incorporated under the Business Corporations Act of Manitoba. The company's principal business activity is the fabrication of gravel and specialty trailers for distribution in Canada and the United States.

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2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises ("ASPE").

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The company recognizes the revenue of a trailer when the fabrication of the trailer is complete and collection from the customer is reasonably assured. The company recognizes the revenue of consignment trailers when the consignor enters into a purchase agreement with the purchaser and collection is reasonably assured.

Rental revenue is recognized when the services have been performed and collection is reasonably assured.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventories of raw materials are valued at the lower of cost (first-in, first-out method) and net realizable value for raw materials is determined to be replacement cost. Inventories of work in process and finished goods are valued at the lower of cost (including an allocation of direct labour and material cost) and net realizable value. Net realizable value for work in process and finished goods is the estimated selling price in the ordinary course of business less the estimated costs of completion.

(continues)

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## Notes to Financial Statements

Year Ended July 31, 2015

*(Unaudited)*3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment with a cost greater than \$5,000 are capitalized. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings & leasehold improvements	4%	declining balance method
Manufacturing equipment	10%	declining balance method
Computer equipment & software	20%	declining balance method
Office equipment	20%	declining balance method
Motor vehicles	30%	declining balance method

In the year of acquisition, one half of the normal rate is used.

Provincial investment tax credits

The company's purchase of manufacturing property, plant and equipment generates provincial investment tax credits that decrease the corporate income tax liability. These provincial investment tax credits are recognized in revenue when calculated on the corporate income tax return as collection is reasonably assured.

Scientific Research and Experimental Development tax credits

The company is entitled to scientific research and experimental development tax credits, which are accounted for using the cost reduction approach. Under this approach, tax credits are recognized as a deduction from the related expenses or capital expenditures in the period in which those expenditures are incurred. These credits are also subject to a review by taxation authorities. Any differences between the credits granted and the credits recognized will be recorded in net income or as an adjustment to the cost of the related item of property, plant and equipment in the period in which new information will be known.

*(continues)*

Notes to Financial Statements

Year Ended July 31, 2015

(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. These estimates include allowance for doubtful accounts and amortization rates for property, plant and equipment. Actual results could differ from these estimates.

As described in the accounting policies, the company is entitled to scientific research and experimental development tax credits, which are recognized as a reduction of expenses or the corresponding capital expenditures in the period in which the expenses are incurred. During the year, the company completed related projects for which it recognized credits receivable of \$72,254 as other income in the year. The actual amount of the credits could differ after a review by the tax authorities. Any difference will be recorded in net income in the period in which the new information becomes known.

Income taxes

The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

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4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of July 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

(continues)

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## Notes to Financial Statements

Year Ended July 31, 2015

*(Unaudited)*4. FINANCIAL INSTRUMENTS *(continued)*

## Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

## Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

## 5. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following amounts owing:

	<u>2015</u>	<u>2014</u>
Trade receivables	\$ 1,698,944	\$ 922,132
Non-trade receivable: Innovative Hydrogen Solutions	106,857	-
	<u>\$ 1,805,801</u>	<u>\$ 922,132</u>

## 6. INVENTORY

	<u>2015</u>	<u>2014</u>
Raw materials	\$ 3,092,562	\$ 3,795,098
Work in process	1,558,178	1,237,632
Finished goods	334,474	92,800
	<u>\$ 4,985,214</u>	<u>\$ 5,125,530</u>

50% of inventory excluding work in process with a maximum level of \$1,000,000 is used as security for the operating line of credit.

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2015

(Unaudited)

7. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Land	\$ 565,124	\$ -	\$ 565,124	\$ 700,000
Building & leasehold improvements	4,378,852	483,102	3,895,750	3,192,952
Manufacturing equipment	5,533,161	1,460,419	4,072,742	3,553,793
Computer equipment & software	449,676	132,462	317,214	168,804
Office equipment	24,549	16,841	7,708	9,635
Motor vehicles	757,658	359,704	397,954	214,986
	<b>\$ 11,709,020</b>	<b>\$ 2,452,528</b>	<b>\$ 9,256,492</b>	<b>\$ 7,840,170</b>

\$1,500,000 of land and building for the Morden, MB location and \$1,600,000 of land and building for the Blenheim, ON location are used as security for long-term debt.

8. INVESTMENT TAX CREDITS

	2015	2014
Manitoba Research and Development tax credit	\$ 100,185	\$ 173,095
Scientific Research and Experimental Development tax credit	72,254	-
Manitoba manufacturing investment tax credit	22,608	14,629
	<b>\$ 195,047</b>	<b>\$ 187,724</b>

9. BANK INDEBTEDNESS

The authorized line of credit with the Bank of Montreal is \$2,000,000 and is due on demand. Interest is paid monthly on the outstanding balance at a variable rate of prime plus 3.75%. The line of credit is secured by a maximum of \$1,000,000 of inventory, 75% of Canadian accounts receivable under 60-days and 60% of U.S. accounts receivables under 60-days.

The company is required to maintain a debt to tangible net worth ratio of 2.5:1. The company was in compliance with this ratio at year end.

The company is required to maintain a debt service coverage at or above 1.25. The company was in compliance with this ratio at year end.

The company is required to maintain a current ratio at or above 1.25:1. The company was not in compliance with this ratio at year end.

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Notes to Financial Statements

Year Ended July 31, 2015

*(Unaudited)***10. ACCOUNTS PAYABLE**

Accounts payable consist of the following amounts owing:

	<u>2015</u>	<u>2014</u>
Trade accounts payable	\$ 3,527,889	\$ 4,207,353
Employee deductions payable	111,738	87,172
	<u>\$ 3,639,627</u>	<u>\$ 4,294,525</u>

**11. INCOME TAXES**

	<u>2015</u>	<u>2014</u>
Income before income taxes	\$ 2,260,508	\$ 790,920
Increase (decrease) resulting from:		
Non-deductible expenses	\$ 12,736	\$ 10,000
Loss on disposal of assets	59,274	-
Capital cost allowance claimed in excess of amortization	(791,380)	(480,452)
Cumulative eligible capital deduction	(33)	(36)
Recapture of SR&ED expenditures	11,366	52,101
SR&ED tax credit deduction	(72,254)	-
Manitoba investment tax credits	64,931	(269,184)
Taxable income	<u>\$ 1,545,148</u>	<u>\$ 103,349</u>
Income tax expense	<u>\$ 172,878</u>	<u>\$ 13,494</u>
Income tax rate	<u>11.19 %</u>	<u>13.06 %</u>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Notes to Financial Statements

Year Ended July 31, 2015

(Unaudited)

## 12. RELATED PARTY TRANSACTIONS

The following is a summary of the company's related party transactions:

	<u>2015</u>	<u>2014</u>
Maintenance Welding Products Ltd. (related by a common shareholder)		
Short-term financing	\$ 422,969	\$ 860,000
Product purchases	1,120,089	694,641
Payments on account	<u>(585,705)</u>	<u>(1,203,125)</u>
Due to related party	<u>957,353</u>	<u>351,516</u>
	<u>\$ 957,353</u>	<u>\$ 351,516</u>

These 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 amounts due to related parties are non-interest bearing and have no set repayment terms.

## 13. LONG TERM DEBT

	<u>2015</u>	<u>2014</u>
Business Development Bank of Canada - Loan #9, bearing interest at a base rate of 5% plus 0.5% variance per annum, with monthly principal payments in the amount of \$3,205, maturing on September 30, 2038. Secured by a \$1,500,000 value on the land and building of each of Morden, MB and Blenheim, ON, a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	\$ 884,580	\$ 923,040
Business Development Bank of Canada - Loan #11, bearing interest at a base rate of 5% plus 1.5% variance per annum, with monthly principal payments in the amount of \$16,667, maturing in August 2018. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	600,012	800,016
Business Development Bank of Canada - Loan #12, bearing interest at a base rate of 5% plus 1% variance per annum, with monthly principal payments in the amount of \$5,000, maturing on March 31, 2037. Secured by a \$1,500,000 value on the land and building of Morden, MB a \$1,600,000 value on the land and building of Blenheim, ON, a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	1,235,000	1,360,000

(continues)

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Notes to Financial Statements

Year Ended July 31, 2015

(Unaudited)

## 13. LONG TERM DEBT (continued)

	<u>2015</u>	<u>2014</u>
Business Development Bank of Canada - Loan #13, bearing interest at a base rate of 5% plus 1.5% variance per annum, with interest only payments. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	916,850	701,116
Loan - Peter Trebuschnoj. The long-term loan to Peter Trebuschnoj is non-interest bearing and has no set repayment terms.	<u>24,247</u>	<u>6,424</u>
	3,660,689	3,790,596
Amounts payable within one year	<u>(474,504)</u>	<u>(304,888)</u>
	<u>\$ 3,186,185</u>	<u>\$ 3,485,708</u>

Principal repayment terms are approximately:

2016	\$ 474,504
2017	474,504
2018	462,751
2019	262,500
2020	262,500
Thereafter	<u>1,723,930</u>
	<u>\$ 3,660,689</u>

The company is required to maintain a debt service coverage at or above 1.25. The company was in compliance with this ratio at year end.

## 14. DUE TO SHAREHOLDERS

	<u>2015</u>	<u>2014</u>
Shareholder loans	<u>\$ 450,035</u>	<u>\$ 315,923</u>

The amounts due to shareholders are non-interest bearing, have no set repayment terms and are secured by promissory notes. The shareholders have postponed repayment in favour of the bank. Accordingly, the advances from shareholders have been classified as a long term liability.

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2015

(Unaudited)

15. SHARE CAPITAL

Authorized:

Unlimited Class A common voting shares;  
 Unlimited Class B common non-voting shares;  
 Unlimited Class A preferred, retractable, redeemable, non-cumulative voting shares;

	2015	2014
Issued and fully paid:		
88 Class A common voting share	\$ 88	\$ 88

All shares are without par value and are issued for unlimited maximum consideration.

16. ONTARIO DEVELOPMENT FUND GRANT

The company received approval in 2014 for the \$500,000 grant from the Southwestern Ontario Development Fund. This grant has no repayment expectation and is used to decrease various expenses. The grant income is to be received over a period of 4-years based on meeting certain expense levels. In 2014, the company received \$110,611 after expenses had met the necessary requirements. In the current year, the company is expected to meet necessary requirements and receive \$204,630.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Expenses  
(Schedule 1)

Year Ended July 31, 2015

(Unaudited)

	2015	2014
Advertising and promotion	\$ 37,884	\$ 47,604
Amortization	704,382	500,102
Consulting fees	16,890	60,651
Contractor work	133,629	89,795
Insurance	131,002	162,714
Interest and bank charges	190,046	169,061
Interest on long term debt	233,610	208,789
Meals and entertainment	25,471	20,133
Office	37,283	38,061
Professional fees	92,984	121,916
Property taxes	17,252	99,550
Rental	22,846	37,592
Repairs and maintenance	8,841	28,830
Salaries and benefits	1,013,194	786,986
Telephone	34,226	33,377
Travel	262,196	306,647
Utilities	303,850	288,422
Workers Compensation Board charges	179,647	122,929
	<u>\$ 3,445,233</u>	<u>\$ 3,123,159</u>

This is Exhibit "29" referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>TH</sup> day  
of SEPTEMBER, A.D. 20 17

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A Notary Public  
in and for the Province of Manitoba

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Financial Statements**

**Year Ended July 31, 2016**

*(Unaudited)*

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Index to Financial Statements**

**Year Ended July 31, 2016**

*(Unaudited)*

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**REVIEW ENGAGEMENT REPORT**

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To the Shareholders of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING

We have reviewed the balance sheet of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING as at July 31, 2016 and the statements of income, retained earnings and cash flow for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the company.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for private enterprises.

*Krahn Friesen Neufeld*

Morden, MB  
May 9, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Balance Sheet

July 31, 2016

(Unaudited)

	2016	2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable (Note 5)	\$ 2,162,698	\$ 1,805,801
Income taxes recoverable (Note 11)	102,101	-
Inventory (Note 6)	4,533,313	4,985,214
	<u>6,798,112</u>	<u>6,791,015</u>
PROPERTY, PLANT AND EQUIPMENT (Note 7)	10,601,930	9,256,492
INVESTMENT TAX CREDITS (Note 8)	61,232	195,047
CO-OP EQUITY	11,849	10,973
	<u>\$ 17,473,123</u>	<u>\$ 16,253,527</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 9)	\$ 3,493,062	\$ 2,025,544
Accounts payable (Note 10)	4,945,083	3,639,627
Income taxes payable (Note 11)	-	172,878
Goods and services tax payable	36,398	40,003
Provincial sales tax payable	7,026	8,153
Due to related parties (Note 12)	351,511	957,353
Current portion of long term debt (Note 13)	694,620	474,504
	<u>9,527,700</u>	<u>7,318,062</u>
LONG TERM DEBT (Note 13)	3,156,171	3,186,185
DUE TO SHAREHOLDERS (Note 14)	450,035	450,035
	<u>13,133,906</u>	<u>10,954,282</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 15)	88	88
Retained earnings	4,339,129	5,299,157
	<u>4,339,217</u>	<u>5,299,245</u>
	<u>\$ 17,473,123</u>	<u>\$ 16,253,527</u>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Statement of Income

Year Ended July 31, 2016

(Unaudited)

	2016	2015
<b>REVENUES</b>		
Trailer sales	\$ 28,264,593	\$ 27,049,130
Rental and other revenue	414,763	130,243
	<u>28,679,356</u>	<u>27,179,373</u>
<b>COST OF SALES</b>		
Opening inventory	4,985,214	5,125,530
Purchases	18,209,037	15,541,259
Direct wages	6,258,181	4,952,015
Warranty	377,222	274,786
Freight in and duty	980,498	717,935
	<u>30,810,152</u>	<u>26,611,525</u>
Closing inventory	(4,533,313)	(4,985,214)
	<u>26,276,839</u>	<u>21,626,311</u>
<b>GROSS PROFIT</b>	2,402,517	5,553,062
<b>EXPENSES (Schedule 1)</b>	<u>2,799,320</u>	<u>2,740,851</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>(396,803)</u>	<u>2,812,211</u>
<b>OTHER INCOME (EXPENSE)</b>		
Southwestern Ontario Development Fund grant	127,203	204,630
Scientific research and experimental development tax credit (Note 8)	55,727	72,254
Manitoba investment tax credits	26,287	(64,931)
Gain (loss) on disposal of property, plant and equipment	10,561	(59,274)
Ontario investment tax credits	8,839	-
Patronage dividends	2,141	-
Amortization	(895,639)	(704,382)
	<u>(664,881)</u>	<u>(551,703)</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES (RECOVERED)</b>	(1,061,684)	2,260,508
<b>INCOME TAXES (RECOVERED) (Note 11)</b>	<u>(101,656)</u>	<u>172,878</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (960,028)</u>	<u>\$ 2,087,630</u>

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Statement of Retained Earnings**

**Year Ended July 31, 2016**

*(Unaudited)*

	<b>2016</b>	<b>2015</b>
<b>RETAINED EARNINGS - BEGINNING OF YEAR</b>	<b>\$ 5,299,157</b>	<b>\$ 3,211,527</b>
<b>NET INCOME (LOSS) FOR THE YEAR</b>	<b><u>(960,028)</u></b>	<b><u>2,087,630</u></b>
<b>RETAINED EARNINGS - END OF YEAR</b>	<b><u>\$ 4,339,129</u></b>	<b><u>\$ 5,299,157</u></b>

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Statement of Cash Flow

Year Ended July 31, 2016

(Unaudited)

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 28,435,798	\$ 26,279,936
Cash paid to suppliers and employees	(26,847,036)	(24,458,088)
Income taxes paid	(173,323)	(2,128)
Interest paid	(450,023)	(423,653)
Southwestern Ontario Development Fund grant	127,203	204,630
Scientific research and experimental development tax credit	55,727	72,254
Manitoba investment tax credits	26,287	(64,931)
Ontario investment tax credits	8,839	-
Goods and services tax	(3,605)	106,755
Provincial sales tax	(1,127)	398
Cash flow from operating activities	<u>1,178,740</u>	<u>1,715,173</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(2,264,223)	(2,325,613)
Proceeds on disposal of property, plant and equipment	<u>33,705</u>	<u>145,635</u>
Cash flow used by investing activities	<u>(2,230,518)</u>	<u>(2,179,978)</u>
<b>FINANCING ACTIVITIES</b>		
Advances from (to) related parties	(605,842)	605,837
Advances from shareholders	-	134,112
Proceeds from long term financing	699,606	378,707
Repayment of long term debt	<u>(509,504)</u>	<u>(508,614)</u>
Cash flow from (used by) financing activities	<u>(415,740)</u>	<u>610,042</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(1,467,518)</b>	<b>145,237</b>
Deficiency - beginning of year	<u>(2,025,544)</u>	<u>(2,170,781)</u>
<b>DEFICIENCY - END OF YEAR</b>	<b>\$ (3,493,062)</b>	<b>\$ (2,025,544)</b>

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited)

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1. DESCRIPTION OF BUSINESS

5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING (the "company") is incorporated under the Business Corporations Act of Manitoba. The company's principal business activity is the fabrication of gravel and specialty trailers for distribution in Canada and the United States.

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2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for private enterprises ("ASPE").

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The company recognizes the revenue of a trailer when the fabrication of the trailer is complete and collection from the customer is reasonably assured. The company recognizes the revenue of consignment trailers when the consignor enters into a purchase agreement with the purchaser and collection is reasonably assured.

Rental revenue is recognized when the services have been performed and collection is reasonably assured.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Inventory

Inventories of raw materials are valued at the lower of cost (first-in, first-out method) and net realizable value for raw materials is determined to be replacement cost. Inventories of work in process and finished goods are valued at the lower of cost (including an allocation of direct labour and material cost) and net realizable value. Net realizable value for work in process and finished goods is the estimated selling price in the ordinary course of business less the estimated costs of completion.

(continues)

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## Notes to Financial Statements

Year Ended July 31, 2016

*(Unaudited)*3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortization. Property, plant and equipment with a cost greater than \$5,000 are capitalized. Property, plant and equipment are amortized over their estimated useful lives at the following rates and methods:

Buildings & leasehold improvements	4%	declining balance method
Manufacturing equipment	10%	declining balance method
Computer equipment & software	20%	declining balance method
Office equipment	20%	declining balance method
Motor vehicles	30%	declining balance method

In the year of acquisition, one half of the normal rate is used.

Provincial investment tax credits

The company's purchase of manufacturing property, plant and equipment generates provincial investment tax credits that decrease the corporate income tax liability. These provincial investment tax credits are recognized in revenue when calculated on the corporate income tax return as collection is reasonably assured.

Scientific Research and Experimental Development tax credits

The company is entitled to scientific research and experimental development tax credits, which are accounted for using the cost reduction approach. Under this approach, tax credits are recognized as a deduction from the related expenses or capital expenditures in the period in which those expenditures are incurred. These credits are also subject to a review by taxation authorities. Any differences between the credits granted and the credits recognized will be recorded in net income or as an adjustment to the cost of the related item of property, plant and equipment in the period in which new information will be known.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standard for private enterprises requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. These estimates include allowance for doubtful accounts and amortization rates for property, plant and equipment. Actual results could differ from these estimates.

As described in the accounting policies, the company is entitled to scientific research and experimental development tax credits, which are recognized as a reduction of expenses or the corresponding capital expenditures in the period in which the expenses are incurred. During the year, the company completed related projects for which it recognized credits receivable of \$55,727 (2015: \$72,254) as other income in the year. The actual amount of the credits could differ after a review by the tax authorities. Any difference will be recorded in net income in the period in which the new information becomes known.

*(continues)*

Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited)

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income taxes

The company uses the income taxes payable method of accounting for income taxes. Under this method, the company reports as an expense (income) of the period only the cost (benefit) of current income taxes determined in accordance with the rules established by taxation authorities.

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4. FINANCIAL INSTRUMENTS

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of July 31, 2016.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The company is exposed to credit risk from customers. In order to reduce its credit risk, the company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The company has a significant number of customers which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long-term debt, and accounts payable.

Currency risk

Currency risk is the risk to the company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The company is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The company does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the company manages exposure through its normal operating and financing activities. The company is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

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**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Notes to Financial Statements**

**Year Ended July 31, 2016**

*(Unaudited)*

**5. ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following amounts owing:

	<u>2016</u>	<u>2015</u>
Trade receivables	\$ 1,984,619	\$ 1,698,944
Non-trade receivable: Innovative Hydrogen Solutions	106,857	106,857
Scientific research and experimental development tax credit	<u>71,222</u>	<u>-</u>
	<u>\$ 2,162,698</u>	<u>\$ 1,805,801</u>

**6. INVENTORY**

	<u>2016</u>	<u>2015</u>
Raw materials	\$ 3,256,402	\$ 3,092,562
Work in process	1,276,911	1,558,178
Finished goods	<u>-</u>	<u>334,474</u>
	<u>\$ 4,533,313</u>	<u>\$ 4,985,214</u>

50% of inventory excluding work in process with a maximum level of \$1,000,000 is used as security for the operating line of credit.

**7. PROPERTY, PLANT AND EQUIPMENT**

	Cost	Accumulated amortization	<u>2016 Net book value</u>	<u>2015 Net book value</u>
Land	\$ 565,124	\$ -	\$ 565,124	\$ 565,124
Building & leasehold improvements	5,008,582	651,527	4,357,055	3,895,750
Manufacturing equipment	6,338,556	1,907,963	4,430,593	4,072,742
Computer equipment & software	878,760	230,934	647,826	317,214
Office equipment	29,032	18,831	10,201	7,708
Motor vehicles	1,064,552	473,421	591,131	397,954
	<u>\$ 13,884,606</u>	<u>\$ 3,282,676</u>	<u>\$ 10,601,930</u>	<u>\$ 9,256,492</u>

\$1,500,000 of land and building for the Morden, MB location and \$1,600,000 of land and building for the Blenheim, ON location are used as security for long-term debt.

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Notes to Financial Statements**

**Year Ended July 31, 2016**

*(Unaudited)*

**8. INVESTMENT TAX CREDITS**

	<u>2016</u>	<u>2015</u>
Manitoba research and development tax credit	\$ 38,624	\$ 100,185
Manitoba manufacturing investment tax credit	22,608	22,608
Scientific research and experimental development tax credit	-	72,254
	<u>\$ 61,232</u>	<u>\$ 195,047</u>

**9. BANK INDEBTEDNESS**

The authorized line of credit with the Bank of Montreal is \$2,000,000 and is due on demand. Interest is paid monthly on the outstanding balance at a variable rate of prime plus 3.75%. The line of credit is secured by a maximum of \$1,000,000 of inventory, 75% of Canadian accounts receivable under 60-days and 60% of U.S. accounts receivables under 60-days.

The company is required to maintain a debt to tangible net worth ratio of 2.5:1. The company was in compliance with this ratio at year end.

The company is required to maintain a debt service coverage at or above 1.25. The company was in compliance with this ratio at year end.

The company is required to maintain a current ratio at or above 1.25:1. The company was not in compliance with this ratio at year end. It's management's opinion that non-compliance with this ratio will not effect current company borrowings nor will trigger demand for repayment.

**10. ACCOUNTS PAYABLE**

Accounts payable consist of the following amounts owing:

	<u>2016</u>	<u>2015</u>
Trade accounts payable	\$ 4,815,389	\$ 3,527,889
Employee deductions payable	129,694	111,738
	<u>\$ 4,945,083</u>	<u>\$ 3,639,627</u>

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Notes to Financial Statements**

**Year Ended July 31, 2016**

*(Unaudited)*

**11. INCOME TAXES**

	<u>2016</u>	<u>2015</u>
Loss before income taxes	\$ (1,061,684)	\$ 2,260,508
Increase (decrease) resulting from:		
Non-deductible expenses	\$ 11,884	\$ 12,736
Gain (loss) on disposal of assets	(10,561)	59,274
Capital cost allowance claimed in excess of amortization	(1,055,728)	(791,380)
Cumulative eligible capital deduction	(31)	(33)
Recapture of SR&ED expenditures	26,818	11,366
SR&ED tax credit deduction	(90,853)	(72,254)
Manitoba investment tax credits	-	64,931
Taxable income	<u>\$ (2,180,155)</u>	<u>\$ 1,545,148</u>
Income tax expense	<u>\$ -</u>	<u>\$ 172,878</u>
Income tax rate	<u>- %</u>	<u>11.19 %</u>

**12. RELATED PARTY TRANSACTIONS**

The following is a summary of the company's related party transactions:

	<u>2016</u>	<u>2015</u>
Maintenance Welding Products Ltd. <i>(related by a common shareholder)</i>		
Prior year balance	\$ 957,353	\$ -
Short-term financing	65,000	422,969
Product purchases	793,580	1,120,089
Service revenue	(289,393)	-
Payments on account	(1,175,029)	(585,705)
	<u>\$ 351,511</u>	<u>\$ 957,353</u>

These 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 amounts due to related parties are non-interest bearing and have no set repayment terms.

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited)

## 13. LONG TERM DEBT

	2016	2015
Business Development Bank of Canada - Loan #9, bearing interest at a base rate of 4.7% plus 0.5% variance per annum, with monthly principal payments in the amount of \$3,205, maturing on September 30, 2038. Secured by a \$1,500,000 value on the land and building of each of Morden, MB and Blenheim, ON, a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	\$ 846,120	\$ 884,580
Business Development Bank of Canada - Loan #11, bearing interest at a base rate of 4.7% plus 1.5% variance per annum, with monthly principal payments in the amount of \$16,667, maturing on August 31, 2018. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	400,008	600,012
Business Development Bank of Canada - Loan #12, bearing interest at a base rate of 4.7% plus 1% variance per annum, with monthly principal payments in the amount of \$5,000, maturing on March 31, 2037. Secured by a \$1,500,000 value on the land and building of Morden, MB a \$1,600,000 value on the land and building of Blenheim, ON, a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	1,175,000	1,235,000
Business Development Bank of Canada - Loan #13, bearing interest at a base rate of 4.7% plus 1.5% variance per annum, with monthly principal payments in the amount of \$16,670, maturing in January 2025. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	716,810	916,850
Business Development Bank of Canada - Loan #15, bearing interest at a base rate of 4.7% plus 1% variance per annum, with monthly principal payments in the amount of \$13,880, maturing on May 2024. Secured by a general security agreement at year-end and by personal guarantees of the shareholders up to 25% of the total loan value.	611,827	-
Blenheim Chevrolet Vehicle Loan. Non-interest bearing loan, with monthly principal payments in the amount of \$1,463, maturing in July 2021. Secured by vehicle for which the loan was extended.	87,779	-
Loan - Peter Trebuschnoj. The long-term loan to Peter Trebuschnoj is non-interest bearing and has no set repayment terms.	13,247	24,247
	<b>3,850,791</b>	<b>3,660,689</b>

(continues)

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited)

13. LONG TERM DEBT (continued)

	<u>2016</u>	<u>2015</u>
Amounts payable within one year	<u>(694,620)</u>	<u>(474,504)</u>
	<u>\$ 3,156,171</u>	<u>\$ 3,186,185</u>

Principal repayment terms are approximately:

2017	\$ 694,620
2018	683,867
2019	482,616
2020	344,853
2021	116,015
Thereafter	<u>1,528,820</u>
	<u>\$ 3,850,791</u>

The company is required to maintain a debt service coverage at or above 1.25. The company was in compliance with this ratio at year end.

14. DUE TO SHAREHOLDERS

	<u>2016</u>	<u>2015</u>
Shareholder loans	<u>\$ 450,035</u>	<u>\$ 450,035</u>

The amounts due to shareholders are non-interest bearing, have no set repayment terms and are secured by promissory notes. The shareholders have postponed repayment in favour of the bank. Accordingly, the advances from shareholders have been classified as a long term liability.

15. SHARE CAPITAL

Authorized:

Unlimited	Class A common voting shares;
Unlimited	Class B common non-voting shares;
Unlimited	Class A preferred, retractable, redeemable, non-cumulative voting shares;

	<u>2016</u>	<u>2015</u>
Issued and fully paid:		
88 Class A common voting share	<u>\$ 88</u>	<u>\$ 88</u>

All shares are without par value and are issued for unlimited maximum consideration.

Notes to Financial Statements

Year Ended July 31, 2016

(Unaudited)

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16. ONTARIO DEVELOPMENT FUND GRANT

The company received approval in 2014 for a \$500,000 grant from the Southwestern Ontario Development Fund. This grant has no repayment expectation and is used to decrease various expenses. The grant income is to be received over a period of 4-years based on meeting certain expense level requirements. In 2016, the company received \$110,611 which was taken into income in 2014 and was a receivable on the prior year's balance sheet. In the current year, the company met necessary requirements and received the 2015 allocation of \$204,630, and the 2016 allocation of \$127,203.

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17. PROPERTY TAXES

In the current year, the company paid for and expensed property taxes that applied to prior years. In prior years, it was the opinion of management that property taxes would be reduced through mediation. The property taxes in question in prior years were not known paid nor were they measurable. The balance paid in 2016 relating to the applicable fiscal year is: 2016 year, \$93,270; 2015 year, \$60,642; and 2014 year \$91,032.

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18. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Expenses

(Schedule 1)

Year Ended July 31, 2016

(Unaudited)

	2016	2015
Advertising and promotion	\$ 39,910	\$ 37,884
Bad debts	21,741	-
Consulting fees	35,670	16,890
Contractor work	106,018	133,629
Insurance	141,599	131,002
Interest and bank charges	252,743	190,046
Interest on long term debt	197,279	233,610
Meals and entertainment	23,767	25,471
Office	31,271	37,283
Professional fees	105,461	92,984
Property taxes (Note 17)	244,944	17,252
Rental	19,867	22,846
Repairs and maintenance	5,543	8,841
Salaries and benefits	776,232	1,013,194
Telephone	35,108	34,226
Travel	263,098	262,196
Utilities	294,309	303,850
Workers Compensation Board charges	204,760	179,647
	<b>\$ 2,799,320</b>	<b>\$ 2,740,851</b>

This is Exhibit "30" referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>TH</sup> day  
of SEPTEMBER, A.D. 20 17

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A Notary Public  
in and for the Province of Manitoba

**5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING**

**Financial Statements**

**Nine Month Period Ended May 6, 2017**

*(Unaudited - See Notice To Reader)*

*Draft*

Printed: June 27, 2017 5:17 PM

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Index to Financial Statements

Nine Month Period Ended May 6, 2017

*(Unaudited - See Notice To Reader)*

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Statement of Retained Earnings	4
Expenses <i>(Schedule 1)</i>	5

Draft

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**NOTICE TO READER**

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On the basis of information provided by management, we have compiled the balance sheet of 5274398 MANITOBA LTD. o/a CROSS COUNTRY MANUFACTURING as at May 6, 2017 and the statements of income and retained earnings for the nine month period then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Draft

Morden, MB  
June 27, 2017

CHARTERED PROFESSIONAL ACCOUNTANTS

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Balance Sheet

May 6, 2017

(Unaudited - See Notice To Reader)

	May 6 2017	July 31 2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Accounts receivable	\$ 1,417,115	\$ 2,162,698
Income taxes recoverable	205,712	102,101
Goods and services tax recoverable	116,830	-
Inventory	4,153,730	4,533,313
	<u>5,893,387</u>	6,798,112
PROPERTY, PLANT AND EQUIPMENT	12,585,954	10,601,931
INVESTMENT TAX CREDITS	171,843	61,232
CO-OP EQUITY	10,920	11,849
	<u>\$ 18,662,104</u>	<u>\$ 17,473,124</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ 3,255,851	\$ 3,493,062
Accounts payable	5,094,777	4,945,084
Goods and services tax payable	-	36,398
Provincial sales tax payable	9,411	7,026
Due to related parties	449,132	351,511
Current portion of long term debt	488,271	694,620
	<u>9,297,442</u>	9,527,701
LONG TERM DEBT	3,935,372	3,156,171
DUE TO SHAREHOLDERS	450,035	450,035
	<u>13,682,849</u>	13,133,907
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	88	88
Retained earnings	4,979,167	4,339,129
	<u>4,979,255</u>	4,339,217
	<u>\$ 18,662,104</u>	<u>\$ 17,473,124</u>

Draft

## 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

## Statement of Income

Nine Month Period Ended May 6, 2017

*(Unaudited - See Notice To Reader)*

	<i>May 6 2017 (9 months)</i>	<i>July 31 2016</i>
<b>REVENUES</b>		
Trailer sales	\$ 24,314,138	\$ 28,197,441
Rental and other revenue	<u>151,722</u>	<u>481,915</u>
	<u>24,465,860</u>	<u>28,679,356</u>
<b>COST OF SALES</b>		
Opening inventory	4,533,313	4,985,214
Purchases	16,691,622	18,209,037
Direct wages	4,051,573	6,258,181
Warranty	230,444	377,222
Freight in and duty	<u>610,149</u>	<u>980,498</u>
	26,117,101	30,810,152
Closing inventory	<u>(4,153,730)</u>	<u>(4,533,313)</u>
	<u>21,963,371</u>	<u>26,276,839</u>
<b>GROSS PROFIT</b>	<u>2,502,489</u>	<u>2,402,517</u>
<b>EXPENSES</b> <i>(Schedule 1)</i>	<u>2,116,062</u>	<u>2,799,320</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>386,427</u>	<u>(396,803)</u>
<b>OTHER INCOME (EXPENSES)</b>		
Scientific research and experimental development tax credit	143,000	55,727
Southwestern Ontario Development Fund grant	110,611	127,203
Manitoba investment tax credits	-	26,287
Gain on disposal of property, plant and equipment	-	10,561
Ontario investment tax credits	-	8,839
Patronage dividends	-	2,141
Amortization	<u>-</u>	<u>(895,639)</u>
	<u>253,611</u>	<u>(664,881)</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES (RECOVERED)</b>	<u>640,038</u>	<u>(1,061,684)</u>
<b>INCOME TAXES (RECOVERED)</b>	<u>-</u>	<u>(101,656)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 640,038</u>	<u>\$ (960,028)</u>

Draft

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Statement of Retained Earnings

Nine Month Period Ended May 6, 2017

(Unaudited - See Notice To Reader)

	<i>May 6</i> <b>2017</b> <i>(9 months)</i>	<i>July 31</i> 2016
RETAINED EARNINGS - BEGINNING OF PERIOD	\$ 4,339,129	\$ 5,299,157
NET INCOME (LOSS) FOR THE PERIOD	<u>640,038</u>	<u>(960,028)</u>
RETAINED EARNINGS - END OF PERIOD	<u>\$ 4,979,167</u>	<u>\$ 4,339,129</u>

Draft

5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING

Expenses

(Schedule 1)

Nine Month Period Ended May 6, 2017

(Unaudited - See Notice To Reader)

	May 6 2017 (9 months)	July 31 2016
Advertising and promotion	\$ 24,237	\$ 39,910
Bad debts	-	21,741
Consulting fees	4,085	35,670
Contractor work	17,256	106,018
Insurance	215,230	141,599
Interest and bank charges	317,167	252,743
Interest on long term debt	77,758	197,279
Meals and entertainment	13,898	23,767
Professional fees	104,400	105,461
Property taxes	22,004	244,944
Rental	17,965	19,867
Repairs and maintenance	930	5,543
Salaries and benefits	610,304	776,232
Telephone	32,214	35,108
Travel	183,741	263,098
Utilities	265,944	294,309
Warehouse and office supplies	95,609	31,271
Workers Compensation Board charges	113,320	204,760
	<b>\$ 2,116,062</b>	<b>\$ 2,799,320</b>

Draft

This is Exhibit " 31 " referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>TH</sup> day  
of SEPTEMBER , A.D. 20 17

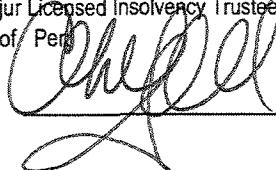
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A Notary Public  
in and for the Province of Manitoba

5274398 MANITOBA LTD. O/A  
 CROSS COUNTRY MANUFACTURING  
 Statement of Projected Cashflow for the  
 period of Aug 7 - Oct 6, 2017

Notes	Week 1 Aug 7-11	Week 2 Aug 14-18	Week 3 Aug 21-25	Week 4 Aug 28-Sep 1	Week 5 Sep 4 - 8	Week 6 Sep 11-15	Week 7 Sept 18-22	Week 8 Sep 25-29	Week 9 Oct 2-6	
Opening Line of Credit - BMO	1 & 2	3,094,946	3,206,915	3,397,397	3,185,717	3,697,311	3,770,311	3,995,109	3,802,109	3,962,703
Cash Receipts										
Canadian collections	3	81,502	250,000	350,000	450,000	500,000	550,000	550,000	550,000	550,000
USA Collections in CDN \$	3	53,165		50,000	50,000	100,000	100,000	200,000	200,000	200,000
Rental, GST refunds and Scrap metal	3		6,300		5,000		6,300			5,000
Additional Funding - BMO				500,000						
Total Cash Receipts		134,667	256,300	900,000	505,000	600,000	656,300	750,000	750,000	755,000
Cash Disbursements										
BDC - interest only	1	2,008	20,500				20,500			
Plant Payroll Morden	5	50,000	75,000		100,000		115,000		115,000	
Plant Payroll Ontario	5	41,948	75,000		100,000		125,000		125,000	
Office payroll Morden	5			18,000		18,000		18,000		18,000
Office payroll Ontario	5			10,000		10,000		10,000		10,000
Health & Education Tax	6		7,000				7,000			
Source deductions current payroll	6			80,000			85,000		109,000	109,000
Frieght & Expenses	7	35,931	50,000	50,000	60,000	50,000	40,000	50,000	50,000	50,000
Suppliers - trailer parts	8	94,851	150,000	450,000	650,000	550,000	420,000	420,000	420,000	420,000
Vehicle lease payments	9		1,465		1,463		1,465		1,463	
Insurance IFS & Intact	10	2,910	22,817				22,133			
Workers Compensation MB	9			16,320						15,000
Provincial sales tax MB	9			4,000			4,000			
Employee Benefits	9			15,000			15,000			
Hydro & Gas - Morden	9				11,000				11,000	
Hydro & Gas - Ontario	9				26,000				26,000	
Ontario Workers Compensation	9				16,000				16,000	
Telephone, Internet and cells	9				2,700				2,700	
Water & Sewage	9				500				500	
RCAP - equipment lease	9				671				671	
Blue Chip Server lease	9				760				760	
Think Lighting rebate program	10									
Accounting - Kraun & Friesen	11				2,500		10,000	2,500		
Professional fees	12	18,988	45,000	45,000	45,000	45,000	45,000	30,000	30,000	30,000
Total Cash Disbursements		246,636	446,782	688,320	1,016,594	673,000	881,098	557,000	910,594	652,000
Closing Line of Credit - BMO		3,206,915	3,397,397	3,185,717	3,697,311	3,770,311	3,995,109	3,802,109	3,962,703	3,859,703

This statement of projected cash-flow of 5274398 Manitoba Ltd. has been prepared by Lazer Grant Inc. Section 50.4(2) of the Bankruptcy and Insolvency Act, and should be read in conjunction with the Statement of Projected Cashflow and the Trustee's report on the the Statement of Per



5274398 Manitoba Ltd.  
 o/a Cross Country Manufacturing  
 Per:



### Notes to the Statement of Projected Cashflow

- 1 The BMO line of credit was reinstated to \$3,500,000 on August 8, 2017. BMO or BDC are prepared to finance a \$500,000 Debtor in Possession loan to assist the company with the restructuring.
- 2 In week 4, the Debtor will apply to Court for the DIP loan, if necessary.
- 3 Canadian, USA & other receipts (ie. sales) are based on management's best estimates of the quantity of units that can be produced with current inventory levels and the line of credit available. Trailers are completed and payment is generally received within 2-3 days of delivery. The company has been unable to source product from its premium suppliers due to insufficient cashflow. The NOI combined with the additional funding provided by the Bank of Montreal will permit the company to return to buying from premium suppliers. In week 2, it is projected \$650,000 be spent to return to purchasing from premium suppliers which will improve profitability.
- 4 During the NOI period, the Business Development Bank of Canada will only receive interest payments on its loans.
- 5 Payroll has been calculated based on management's best estimate of the current staff complement and the hours being worked to complete production orders.
- 6 Manitoba EHT and Source deductions are being paid on a go forward basis. Arrears of EHT and Source deductions will be addressed in the NOI process.
- 7 Freight expenses are projected to increase in week 4 given the changes in purchasing as explained in Note 3.
- 8 Suppliers - trailer parts is based on management's best estimates of the product needs of production, the ability to source from premium suppliers and the related additional freight costs to complete the transfer. All purchases will be made on a COD basis including any purchases from related parties.
- 9 Vehicle lease payments, insurance, workers compensation, sales taxes, RCAP equipment and Bluechip computer leasing will all be paid on a COD basis.
- 10 Think Lighting will not be paid and a claim can be filed under the NOI.
- 11 In order to generate more timely financial reporting, accountants Kraun & Friesen will be engaged to assist the accounting department.
- 12 Professional fees of MLT Aikins, PWC and Lazer Grant Inc. are projected based on the timing of the NOI and the Court Approval referred to in Note 2.

District of: Manitoba  
Division No. 01 - Winnipeg Centre - In  
Court No.  
Estate No.

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

*CL*  
The attached statement of projected cash flow of 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING, as of the *10<sup>th</sup>* day of *Aug* 2017 has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

(a) the hypothetical assumptions are not consistent with the purpose of the projection;

(b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or

(c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Winnipeg in the Province of Manitoba, this *10<sup>th</sup>* day of August, 2017.

Lazer Grant Inc. - Licensed Insolvency Trustee



Winnipeg, Manitoba, Canada

District of: Manitoba  
Division No. 01 - Winnipeg Centre - In  
Court No.  
Estate No.

- FORM 30 -  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

The Management of 5274398 MANITOBA LTD. O/A CROSS COUNTRY MANUFACTURING, has developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 10<sup>th</sup> day of August, 2017.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Winnipeg In the Province of Manitoba, this 10<sup>th</sup> day of August, 2017.


  
\_\_\_\_\_  
5274398 MANITOBA LTD. O/A CROSS  
COUNTRY MANUFACTURING  
Debtor

\_\_\_\_\_  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

This is Exhibit "32" referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>th</sup> day  
of SEPTEMBER, A.D. 20 17

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A Notary Public  
in and for the Province of Manitoba

**5274398 MANITOBA LTD. O/A  
CROSS COUNTRY MANUFACTURING  
Statement of Projected Cashflow for the  
period of Aug 28, 2017 - Oct 27, 2017**

	Notes	Aug 28-Sep 1	Sep 4-8	Sep 11-15	Sept 18-22	Sep 25-29	Oct 2-6	Oct 9-13	Oct 16-20	Oct 23-27
BMO LINE OF CREDIT	1	3,460,705	3,410,651	3,194,282	3,135,564	3,054,064	3,249,029	3,231,160	3,233,625	3,351,942
Cash Receipts										
Sales	3	536,000	500,000	600,000	600,000	600,000	650,000	650,000	525,000	650,000
Rental, GST refunds and Scrap metal		4,019					5,000			5,000
BMO & BDC Additional Financing	2		250,000	250,000						
Total Cash Receipts		540,019	750,000	850,000	600,000	600,000	655,000	650,000	525,000	655,000
Cash Disbursements										
Bank Fees					4,000				4,000	
BDC - interest only	4	22,500		22,500				22,500		
Plant Payroll Morden	5	83,500		100,000		100,000		100,000		100,000
Plant Payroll Blenheim	5	83,500		100,000		100,000		100,000		100,000
Office payroll Morden	5		18,000		18,000		18,000		18,000	
Office payroll Blenheim	5		10,000		10,000		10,000		10,000	
Health & Education Tax				7,000				7,000		
Source deductions current payroll	5			70,000		85,000	85,000		85,000	
Freight & Warehouse Expenses	6	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Suppliers - trailer parts	6	234,000	400,000	400,000	400,000	436,000	436,000	369,000	436,000	436,000
Vehicle lease payments		1,465		1,465		1,465		1,465		1,465
Insurance IFS & Intact				22,817					22,817	
Workers Compensation MB							15,000			
Provincial sales tax MB					4,000					4,000
Employee Benefits					15,000				15,000	
Hydro & Gas - Morden			10,000	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Hydro & Gas - Ontario			10,000			20,000				20,000
Ontario Workers Compensation			16,000				16,000			
Telephone, Internet and cells			2,700				2,700			2,700
Water & Sewage			500				500			500
RCAP - equipment lease			671				671			671
Blue Chip Server lease			760				760			760
Professional fees	7	40,000	40,000	40,000	40,000	25,000	25,000	25,000	25,000	25,000
Total Cash Disbursements		489,965	533,631	791,282	518,500	794,965	637,131	652,465	643,317	718,596
BANK OF MONTREAL - LINE OF CREDIT		3,410,651	3,194,282	3,135,564	3,054,064	3,249,029	3,231,160	3,233,625	3,351,942	3,415,538

5274398 Manitoba Ltd.

o/a Cross Country Manufacturing

Per:

**Notes to the Statement of Projected Cashflow**

- 1 The Bank of Montreal ("BMO") line of credit limit is \$3,500,000.
- 2 BMO and BDC have each agreed to finance \$250,000 in new loans to assist the company during the restructuring.
- 3 Sales are based on management's best estimates of the quantity of units that can be produced with current inventory levels and the line of credit available. Trailers are completed and payment is generally received within 2-3 days of delivery.

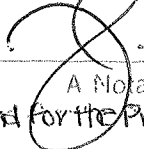
Cross Country has been unable to source product from its premium suppliers due to insufficient cashflow. The NOI combined with the additional funding provided by BMO & BDC will permit Cross Country to return to buying from premium suppliers.

- 4 During the NOI period, the Business Development Bank of Canada will only receive interest payments on its loans.
- 5 Payroll has been calculated based on management's best estimate of the current staff complement and the hours being worked to complete production orders.
- 6 Suppliers - trailer parts & Freight costs are based on management's best estimates of the product needs of production, the ability to source from premium suppliers and the related additional freight costs to complete the transfer.

All purchases post NOI are being made on a COD basis including any purchases from related parties.

- 7 Professional fees of MLT Aikins, PWC and Lazer Grant Inc. are estimated based on the fees expected during the reporting period.

This is Exhibit "33" referred to in the  
Affidavit of JONATHAN DOERKSEN  
SWORN before me this 5<sup>TH</sup> day  
of SEPTEMBER, A.D. 20 17

  
A Notary Public  
in and for the Province of Manitoba

# ACQUISITION OPPORTUNITY

Specialty Manufacturer of Diverse Trailer Products for the Canadian and U.S. Markets



**BLLENHEIM BUSINESS**

## Overview

- Cross Country Trailers' Blenheim, Ontario facility is a "concept to finish" specialty manufacturer of diverse trailer products for the Canadian and U.S. markets. Cross Country Trailers operates a manufacturing facility in Morden, Manitoba in addition to the Blenheim facility.
- Key products manufactured by the Blenheim business include Live Bottoms, Multi-Axle Decks, Step Decks, Aluminum Deck, Aluminum Dump, Flat Decks, and Tags, amongst others.



- Cross Country Manufacturing (the "Company"), the Manitoba-based parent company of Cross Country Trailers, has initiated a creditor protection process. As part of this process, Cross Country Manufacturing is divesting the Blenheim business in order to focus on its Manitoba-based operations.
- PwC has been engaged by the Company to facilitate a formal sale process in relation to the divestiture of the Blenheim business. It is anticipated that the final sale transaction will be subject to court approval.

## Operations

- Established in 2013, the Blenheim business operates from a modern, ~120k square foot facility on 10+ acres of land based in the Southwestern Ontario region.
- The business has the capability to produce ~100 different product models within ~10 product categories and four brands (Cross Country, North Country, Tecumseh, and Pit Boss).
- The Blenheim business sells its products through an established network of over 15+ dealers in Canada and U.S.
- Key end markets for the products include transportation, construction, asphalt, and gravel, amongst others.
- The facility has the capacity to take on additional product lines and support a larger base of revenues than it currently supports.
- There are ~100 employees, including key management, based out of the facility.
- The business has robust systems (design and production, etc.) in place.
- Real estate (land and building) is held by ownership of the Company and will be sold as part of the transaction.

## Financial Information

- The business is expected to generate CDN ~\$15 million in revenues this year (fiscal year-end July 31<sup>st</sup>), and has a robust sales pipeline (e.g. committed orders for the upcoming fiscal year).
- Sales generated in Canada comprise ~70% of total revenues, with the balance generated in the U.S.



# ACQUISITION OPPORTUNITY (cont'd)

Specialty Manufacturer of Diverse Trailer  
Products for the Canadian and U.S. Markets



**BLLENHEIM BUSINESS**

## Key Investment Highlights

- ✓ End-to-end “concept to finish” manufacturer situated in a strategic geographic location
- ✓ Products associated with well-known brands in the market
- ✓ Established dealer network (primary sales channel)
- ✓ Robust design & production systems and processes
- ✓ Modern facility with capacity to take on further product lines and support larger revenue base
- ✓ Experienced management and employees committed to remaining with the business
- ✓ Strong pipeline of business and opportunity for further penetration of the U.S. market

## Sale Process Overview

- As part of its role, PwC will be managing the sale process and access to financial and other information.
- Prospective purchasers will be required to execute a Confidentiality Agreement in order to receive further information.
- A preliminary timeline for the Sale Process is provided in the table below, which may be amended.

Steps	Timelines
Confidentiality Agreement and Sale Process document release	Week ended August 18, 2017
Confidential Information Memorandum document provided to parties	Week beginning August 21, 2017
Access to additional information through electronic Dataroom	Week beginning August 21, 2017
Due diligence, Management meetings, and facility tours	Period from August 21, 2017 to September 11, 2017
Form of Asset Purchase Agreement provided to parties	By September 1, 2017
Offer deadline date	September 11, 2017
Identification of recommended purchaser	Week ended September 15, 2017
Closing of the sale transaction	October 6, 2017

## Next Steps and Contact Information

To obtain the Confidentiality Agreement and discuss the opportunity further, please contact:

**PricewaterhouseCoopers LLP**

One Lombard Place, Suite 2300, Winnipeg, MB R3B 0X6

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