

EXHIBIT 15:
INNOVA AUDITED FINANCIAL STATEMENTS 2017



**INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED
PARTNERSHIP**

COMBINED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

**Combined Consolidated Index to Financial Statements
For the Years Ended December 31, 2017 and 2016**

Title Page	Page
Combined Consolidated Index to Financial Statements	
Independent Auditor's Report	
Combined Consolidated Statement of Financial Position	1 - 2
Combined Consolidated Statement of Loss and Comprehensive Loss	4
Combined Consolidated Statement of Changes of Equity	5
Combined Consolidated Statement of Cash Flow	6
Combined Consolidated Notes	7



KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000
Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Innova Global Ltd. and Innova Global Limited Partnership:

We have audited the accompanying combined consolidated financial statements of Innova Global Ltd. and Innova Global Limited Partnership (together the "Entity"), which comprise the combined consolidated statements of financial position as at December 31, 2017 and December 31, 2016, the combined consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The combined consolidated financial statements have been prepared by management in accordance with the Entity's reporting requirements with its banking syndicate.

Management's Responsibility for the Combined Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these combined consolidated financial statements in accordance with the Entity's reporting requirements with its banking syndicate, this includes determining that the basis of accounting is an acceptable basis for the preparation of these combined consolidated financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of combined consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the combined consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined consolidated financial statements present fairly, in all material respects, the combined consolidated financial position of the Entity as at December 31, 2017 and 2016, and its combined consolidated financial performance and its combined consolidated cash flows for the years then ended in accordance with the Entity's reporting requirements with its banking syndicate.

Basis of accounting

Without modifying our opinion, we draw attention to Note 2 to the combined consolidated financial statements, which describes the basis of accounting. The combined consolidated financial statements are prepared to assist Innova Global Ltd. and Innova Global Limited Partnership to meet the reporting requirements of its banking syndicate. As a result, the combined consolidated financial statements may not be suitable for another purpose.

Restriction on Use

Our report is intended solely for the Board of Directors and management of Innova Global Ltd. and Innova Global Limited Partnership and its banking syndicate and should not be used by parties other than the Board of Directors and management of Innova Global Ltd. and Innova Global Limited Partnership and its banking syndicate.

A handwritten signature in black ink that reads 'KPMG LLP'.

Chartered Professional Accountants

November 23, 2018
Calgary, Canada



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

Combined Consolidated Statement of Financial Position

As of December 31, 2017 and 2016

(In thousands of United States Dollars)

	Note	2017	2016
ASSETS			
Current Assets			
Cash and cash equivalents	6	\$ 7,707	\$ 3,134
Accounts receivable	7	48,746	34,290
Unbilled accounts receivable		34,395	28,976
Work in progress	8	49,069	5,234
Prepaid expenses		1,398	176
Security deposits		1,381	652
		142,696	72,462
Non-Current Assets			
Property and equipment	9	3,917	1,641
Intangibles	10	20,186	11,173
Goodwill		6,913	4,136
Long-Term Receivables		1,540	1,955
		32,556	18,905
Total Assets		\$ 175,252	\$ 91,367

Director

Director

See accompanying notes to the Combined Consolidated Financial Statements

2017 COMBINED CONSOLIDATED FINANCIAL STATEMENTS

1

Ex 15 005



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

Combined Consolidated Statement of Financial Position, continued

As of December 31, 2017 and 2016

(In thousands of United States Dollars)

	Note	2017	2016
LIABILITIES			
Current Liabilities			
Accounts payable	11	\$ 19,072	\$ 4,455
Accrued liabilities	11	47,816	48,970
Income taxes payable		112	99
Bank revolving facilities	12	22,900	2,648
Unearned revenue		3,853	719
Provision for warranties		3,231	8
Due to former affiliate - current	15	1,157	-
Current portion bank debt	12	15,096	2,900
		113,237	59,799
Loans Due To Shareholders			
Current portion due to partnerships	16	5,764	-
EDC Convertible debt	13	5,202	-
Due to partnerships - convertible	14	29,876	-
EDC subordinated promissory note	17	10,006	-
		50,848	-
Total Current Liabilities		164,085	59,799
Non-Current Liabilities			
Long-term portion of bank debt	12	-	14,276
Due to partnerships	16	-	3,524
Due to former affiliate - long-term	15	1,146	1,146
Deferred tax liabilities	21	2,453	1,896
		3,599	20,842
Total Liabilities		167,684	80,641
EQUITY			
Limited partnership units	20	11,941	11,577
Common shares	20	2,127	1,160
Deficit		(6,416)	(2,011)
Accumulated other comprehensive loss		(84)	-
Total Equity		7,568	10,726
Total Liabilities and Equity		\$ 175,252	\$ 91,367
<i>Contingencies {Notes 5, 12 and 26}</i>			
<i>Commitments {Note 22}</i>			
<i>Subsequent events {Notes 12, 13, 14, 16, 17 and 25}</i>			

See accompanying notes to the Combined Consolidated Financial Statements



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

Combined Consolidated Statement of Loss and Comprehensive Loss

For the Years Ended December 31, 2017 and 2016

(In thousands of United States Dollars)

	Note	2017	2016
Revenues		\$ 138,660	\$ 93,555
Cost of Sales		(117,614)	(79,234)
Gross Profit		21,046	14,321
Selling		4,171	3,623
General and Administrative		10,550	4,787
Amortization of property and equipment		911	594
Amortization of intangible assets		4,794	2,775
		20,426	11,779
Operating Profit		620	2,542
Other Expenses (Revenues)			
(Gain) loss on disposal of assets		(48)	52
Interest on short-term debt		2,861	-
Interest on other long-term debt		1,433	1,638
Interest income		(44)	(5)
Acquisition costs		2,331	146
Other operating recoveries		(3)	-
Management fees		293	267
Realized foreign exchange (gain) loss		(587)	4
Unrealized foreign exchange loss		131	-
		6,367	2,102
(Loss) Income Before Taxes		(5,747)	440
Current income taxes	21	515	780
Deferred income taxes (recovery) expense	21	(1,857)	651
Net Income Tax Expense		(1,342)	1,431
Loss for the Year		\$ (4,405)	\$ (991)
Other Comprehensive Loss			
Foreign currency translation difference for foreign operations		\$ (84)	\$ -
Total Comprehensive Loss		(84)	-
Total Comprehensive Loss for the Year		\$ (4,489)	\$ (991)

See accompanying notes to the Combined Consolidated Financial Statements

2017 COMBINED CONSOLIDATED FINANCIAL STATEMENTS

4

Ex 15 007



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

Combined Consolidated Statement of Changes of Equity

For the Years Ended December 31, 2017 and 2016

<i>(In thousands of United States Dollars)</i>	Note	Common Shares	Limited Partnership Units	Deficit	Other Comprehensive Income	Reserve Fund	Total
Opening, January 1, 2016		\$ 12,371	\$ -	\$ (1,020)	\$ -	\$ -	\$ 11,351
Shares purchased	20	(11,211)	-	-	-	-	(11,211)
Units issued	20	-	11,738	-	-	-	11,738
Return of capital	20	-	(161)	-	-	-	(161)
Loss for the period		-	-	(991)	-	-	(991)
Closing, December 31, 2016		1,160	11,577	(2,011)	-	-	10,726
Shares issued	20	967	-	-	-	-	967
Units issued	20	-	372	-	-	-	372
Return of capital	20	-	(8)	-	-	-	(8)
Net loss		-	-	(4,405)	-	-	(4,405)
Foreign exchange		-	-	-	(84)	-	(84)
Closing, December 31, 2017		\$ 2,127	\$ 11,941	\$ (6,416)	\$ (84)	\$ -	\$ 7,568

See accompanying notes to the Combined Consolidated Financial Statements



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

Combined Consolidated Statement of Cash Flow

For the Years Ended December 31, 2017 and 2016

(In thousands of United States Dollars)

	Note	2017	2016
Operating activities			
Net Loss for the Year		\$ (4,405)	\$ (991)
Adjustments to reconcile earnings to cash flows from operating activities			
Depreciation and amortization		5,705	3,369
Gain (loss) on disposal of assets		(48)	52
Financing accretion		261	236
Unrealized foreign exchange		494	(289)
Deferred income taxes		(1,857)	651
Changes in non-cash working capital	23	(18,390)	1,054
Cash generated from (used in) operating activities		(18,240)	4,082
Investing activities			
Additions to property and equipment		(2,202)	(645)
Additions to intangibles		(188)	(780)
Proceeds of disposal of property and equipment		251	-
Acquisition of Braden		(42,928)	-
Foreign Exchange		532	-
Non cash items		-	(471)
Cash flows used in investing activities		(44,535)	(1,896)
Financing activities			
Long-term receivable		414	338
Bank short term debt (net)		20,239	(18,690)
Bank debt proceeds		-	20,328
Bank debt repayment		(2,177)	(2,904)
Convertible debt proceeds		5,202	-
EDC subordinated promissory note proceeds		10,156	-
Due to partnerships - convertible proceeds		29,876	-
Due to partnerships proceeds		4,770	-
Due to partnerships repayment		(2,529)	-
Financing costs		(301)	(128)
Reserved fund assumed and removed		-	2
Shares issued		967	-
Shares purchased		-	(11,211)
Partnership units issued		372	11,738
Return of capital		(8)	(161)
Cash flows used in financing activities		66,981	(688)
Increase in cash and cash equivalents		4,206	1,498
Net cash and cash equivalents assumed in purchase		367	-
Beginning of year		3,134	1,636
End of year		\$ 7,707	\$ 3,134

See accompanying notes to the Combined Consolidated Financial Statements

2017 COMBINED CONSOLIDATED FINANCIAL STATEMENTS

6

Ex 15 009



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

1. ENTITIES AND THEIR OPERATIONS

Innova Global Limited Partnership ("the Partnership") was registered under the laws of the province of Alberta on December 30, 2015. Its head office is at 4000 – 4th Street SE, Suite 222, Calgary, Alberta, T2G 2W3 with offices in thirteen locations to serve its clients throughout Canada and internationally.

The Partnership previously operated as a division of another company under the name ATCO Emissions Management ("ATCO Emissions") and Higgott-Kane for the past 39 years. On December 14, 2015, the assets and liabilities of the division were separated from its former parent company and moved into 1938245 Alberta Ltd.

The Partnership is engaged in the following business activities:

- Acoustic management systems,
- Gas turbine systems,
- Heat recovery steam generation and waste heat recovery boilers,
- Other ancillary businesses

Innova Global Ltd. ("Company") was registered under the laws of the province of Alberta on December 19, 2015. It purchased the shares and net assets of 1938245 Alberta Ltd on December 31, 2015 and amalgamated the two companies on January 1, 2016. On January 1, 2016, the net assets were transferred into the Partnership. The Company is the General Partner and owns 15.11% of the Partnership as a Limited Partner of the Partnership.

The combined consolidated financial statements include the accounts of the Company, the Partnership and its subsidiaries, together referred to as "Innova".

2. BASIS OF PRESENTATION

Basis of presentation

The combined consolidated financial statements are prepared in accordance with the reporting requirements of the Company's debt agreements. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") however, they are prepared on a combined basis and are not consolidated in accordance with IFRS, and they do not include required proforma disclosures under IFRS 3: Business combinations or the required opening Statement of Financial Position comparative information for recasting of financial information for changes in presentation currency under IAS 1.

The Company is the party to the debt agreements and has advanced these funds to the Partnership which operates the underlying business. As the Company only owns 15.11% of the Partnership, the Company

(Continues)



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

2. BASIS OF PRESENTATION (Continued)

and the Partnership financial statements have been presented on a combined basis for reporting to the Company's lenders.

The Board of Directors of the Partnership ("Board") authorized these combined financial statements for issue on November 23, 2018.

Functional and presentation currency

These combined consolidated financial statements are presented in United States dollars which is the functional currency of the Innova operating companies except for Global Power Netherlands B.V. and its subsidiaries ("Braden Europe") which is Euro. Refer to Note 24 for a listing of subsidiaries.

All amounts have been rounded to the nearest thousand, unless otherwise stated.

3. ACCOUNTING POLICIES

Consolidation

Subsidiaries of Innova are consolidated from the date control is obtained until the date control ends. Control exists where Innova has power over the investee, exposure or rights to variable returns from the investee and the ability to use its power over the investee to affect returns.

All intra-group balances and transactions are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. Assets acquired and liabilities assumed are measured at their fair value at the acquisition date. Acquisition costs are expensed in the period incurred.

Combined financial statements

Where combined financial statements are required for reporting purposes, all assets, liabilities, equity, revenue and expenses have been combined on the financial statements and in the notes to the financial statements. All intra-group balances and transactions are eliminated.

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
3. ACCOUNTING POLICIES (Continued)
Cash generating units

A cash-generating unit ("CGU") is the smallest identifiable group of assets that generates independent cash inflows. The Management has determined that as of 2017 there are four CGUs, (2016 – four). The CGU's are:

Acoustic Management Systems ("Acoustic")	Provides turn-key noise abatement products and solutions.
Gas Turbine Systems ("Gas Turbine")	Provides turn-key gas turbine and related components to reduce noise and air emissions
Heat recovery steam generation and waste heat recovery boilers ("HRSG/WHRB")	Provides turn-key custom HRSG for gas fire power plants and for gas turbines up to 100MW.
Oil & Gas Processing Systems ("Oil & Gas")	Provides turn-key components and solutions for gas processing facilities.

Revenue Recognition

Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer, project milestones have been achieved, the sales price and costs can be measured reliably, and it is probable that the economic benefits will flow to Innova. These criteria are generally met at the time the asset is being completed, shipped or delivered to the customer, title and risk have passed to the customer and acceptance of the asset, when contractually required, has been obtained. The specific recognition criteria described above must be met before revenue is recognized.

Revenues from the supply of contracted products and services are recorded using the percentage of completion method. The percentage of completion is assessed on a project basis and is determined based on completed tasks and performance obligations. The expected margin is applied to the completed tasks and performance obligations. Full provision is made for any anticipated loss. Billings in excess of earned revenue are classified as deferred revenues on the combined consolidated statement of financial position.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

Cost of sales

Cost of sales include engineering, design, project management, and the costs of manufacturing finished goods inventory, costs of logistical services, costs related to transportation and installation, and work in process write-downs.

Short-term employee benefits

Short-term employee benefits are recognized as an expense in salaries, wages and benefits as employees render service. These benefits include wages, salaries, social security contributions, short-term compensated absences, incentives and non-monetary benefits, such as medical care, training and employee memberships.

Termination benefits are recognized as an expense in salaries, wages and benefits at the earlier of when the Innova can no longer withdraw the offer of those benefits and when Innova recognizes costs for a restructuring that includes the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer.

Income taxes

Income taxes are the sum of current and deferred taxes. Income tax is recognized in earnings, except to the extent it relates to items recorded in Other Comprehensive Income ("OCI") or in equity.

Current tax is calculated on taxable earnings using rates enacted or substantively enacted at the balance sheet date in the jurisdictions in which Innova operates.

The liability method is used to determine deferred income tax on temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred income tax is calculated using the enacted or substantively enacted tax rates that are expected to apply in the period when the liability is settled or the asset is realized. If expected tax rates change, deferred income taxes are adjusted to the new rates.

Deferred income tax assets and liabilities are not recognized if the temporary differences arise from the initial recognition of goodwill or of other assets and liabilities in a transaction, other than a business combination, that does not affect accounting or taxable earnings. The tax effect of temporary differences from investments in subsidiaries and joint arrangements are not accounted for where Innova is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets are recognized only when it is probable that future taxable earnings will be available against which the temporary differences can be applied.

Current income tax assets and liabilities are offset where Innova has the legally enforceable right to offset

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

and Innova intends to either settle on a net basis or realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are offset where Innova has a legally enforceable right to set off tax assets and liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same tax authority.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank, bankers' acceptances, certificates of deposit issued or guaranteed by credit worthy financial institutions and federal government issued short-term investments with maturities generally of 90 days or less at purchase.

Work-in-progress

The cost of work-in-progress is comprised of all purchase, conversion and other costs to bring inventories to their present condition and location. Purchase costs consist of the purchase price, subcontractor costs, import duties, non-recoverable taxes, transport, handling and other costs directly attributable to the finished product, materials or services. Conversion costs include direct material and labour costs.

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
3. ACCOUNTING POLICIES (Continued)
Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and any recognized impairment losses. Cost includes expenditures that are directly attributable to the purchase or construction of the asset, such as materials, labour, borrowing costs incurred during construction and contracted services.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset only when it is probable that future economic benefits will flow to Innova and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when the cost of replacing the asset is capitalized. When an asset is derecognized, any resulting gain or loss is recorded in earnings. Innova allocates the amount initially recognized in property and equipment to its significant components and depreciates each component separately. Assets are depreciated mainly on a straight-line basis over their estimated useful lives. No depreciation is provided on land and construction work-in-progress.

Depreciation periods for the principal categories of property and equipment are shown in the table below.

	Useful Life	Rate
Leasehold assets	5 - 10 years	10 - 20%
Plant and commercial equipment	5 years	20%
Office and computer equipment	5 years	20%
Automotive	5 years	20% declining balance

Intangibles

Intangible assets are recorded at cost less accumulated amortization and any recognized impairment losses. Innova amortizes intangible assets on a straight-line basis over their useful lives.

	Useful Life	Rate
Computer software	5 - 10 years	10% - 20%
Technology development	5 - 10 years	10% - 20%
Customer list	5 years	20%
Projects in progress	1 - 2 years	50%

Amortization methods and useful lives of assets are reviewed annually. Any changes in these accounting estimates are recorded prospectively.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

Impairment of property and equipment and intangibles

Property, plant and equipment and intangible assets with finite lives are tested for recoverability when events or circumstances indicate a possible impairment. Impairment is assessed at the CGU level. An impairment loss is recognized in earnings when the CGU's carrying value is higher than its recoverable amount. The recoverable amount is the greater of the CGU's fair value less disposal costs and its value in use. An impairment loss may be reversed in whole or in part if there is objective evidence that a change in the estimated recoverable amount is warranted. A reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

Goodwill

Goodwill is not amortized. The carrying value of goodwill is tested for impairment annually at the year end or more frequently if there is an indicator of impairment. Impairment is tested at the CGU level. If the carrying value of the CGU to which goodwill has been assigned exceeds its recoverable amount, then any excess of the carrying value of a GCU's goodwill over its recoverable amount is expensed and is not subsequently reversed.

Goodwill has been assigned to the CGU's and is tested against the five year business plan expected cash flows for earnings before interest, taxes, depreciation and amortization using a ten percent after-tax discount rate.

Leases

When Innova has obtained goods or services as a lessee, and the lease is defined as an operating lease, payments are expensed on a straight-line basis over the life of the lease.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

Provisions and contingencies

Innova recognizes provisions when:

- there is a current legal or constructive obligation as a result of a past event,
- a probable outflow of economic benefits will be required to settle the obligation; and
- a reliable estimate of the obligation can be made.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. If discounting is used, the increase in the provision due to the passage of time is recognized in interest expense.

A contingent liability is a possible obligation, and a contingent asset is a possible asset, that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Innova. A contingent liability may also be a present obligation that arises from past events that is not recognized because it is not probable that an outflow of economic resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Management evaluates the likelihood of contingent events based on the probability of exposure to potential loss.

Innova accrues for warranty costs based on a percentage of revenue ranging from 0.5% to 2%. The warranty period is negotiated on a project by project basis and is typically one to two years. Senior management reviews the warranty exposure on active projects and adjust the warranty provision accordingly.

Actual results could differ from these estimates.

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2017 and 2016***(Tabular amounts in thousands of United States Dollars, except as otherwise noted)*

3. ACCOUNTING POLICIES (Continued)**Financial instruments**

Financial assets and liabilities are recognized when Innova becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Innova has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset and the net amount is reported in the Combined Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, Innova classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired:

- **Financial assets and liabilities at fair value through profit or loss:**
A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivatives are also included in this category unless they are designated as hedges.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the Combined Consolidated Statement of Earnings (Loss) and Comprehensive Income (Loss). Gains and losses arising from changes in fair value are presented in profit or loss in the period in which they arise.

Financial assets and liabilities at fair value through profit or loss are classified as current in the Combined Consolidated Statement of Financial Position, except for any portion expected to be realized or paid beyond twelve months of the Combined Consolidated Statement of Financial Position date.
- **Available-for-sale investments:**
Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories.

Innova does not currently hold any available-for-sale investments.
- **Loans and receivables:**
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Innova's loans and receivables are comprised of cash and cash equivalents, accounts receivable and deposits. They are included in current assets due to their short-term nature.

Loans and receivables are initially recognized at the amount expected to be received less any

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2017 and 2016***(Tabular amounts in thousands of United States Dollars, except as otherwise noted)*

3. ACCOUNTING POLICIES (Continued)

required discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less any provision for impairment.

- Financial liabilities at amortized cost:
Financial liabilities at amortized cost include accounts payable and accrued liabilities, convertible debt, promissory notes, due to partnerships and bank debt. Accounts payable and accrued liabilities are initially recognized at the amount required to be paid less any required discount to reduce the payables to fair value. Bank debt and promissory notes are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Transaction costs

Transaction costs directly attributable to the purchase or issue of financial assets or financial liabilities that are not at fair value through profit or loss are added to the fair value of such assets or liabilities when initially recognized. Transaction costs for long-term debt are amortized over the life of the respective financial liability using the effective interest method.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Combined Consolidated Statement of Financial Position:

- (i) if there is a legally enforceable right to offset the recognized amounts, and
- (ii) if Innova intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

Fair value hierarchy

Innova uses quoted market prices when available to estimate fair value. Models incorporating observable market data, along with transaction specific factors, are also used to estimate fair value. Financial assets and liabilities are classified in the fair value hierarchy according to the lowest level of input that is significant to the fair value measurement. Management's judgment as to the significance of a particular input may affect placement within the fair value hierarchy levels.

The hierarchy is as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Innova applies settlement date accounting to the purchases and sales of financial assets. Settlement date accounting means recognizing an asset on the day it is received by Innova and recognizing the disposal of an asset on the day it is delivered by Innova. Any gain or loss on disposal is also recognized on that day.

Impairment of financial instruments

At each reporting date, Innova assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. If such evidence exists, an impairment loss is recognized in earnings.

Impairment losses on financial assets carried at amortized cost are calculated as the difference between the amortized cost and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment losses on financial assets carried at amortized cost may be reversed in whole or in part if there is objective evidence that a change in the estimated recoverable amount is warranted. The revised recoverable amount cannot exceed the carrying amount had no impairment charge been recognized in previous periods.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

Derivative financial instruments

Contracts settled net in cash or in another financial asset are classified as derivatives, unless they meet the Innova's own use requirements.

Innova holds certain derivative financial instruments to hedge its interest rate risk exposure. Embedded derivatives, if any, are separated from the host contract and accounted for separately if certain criteria are met. Derivatives are initially measured at fair value, and any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

Retirement benefits

Innova offers its employees a Registered Retirement Savings Plan in Canada with matching contributions.

In the US, a 401k Safe Harbour plan which is similar to a traditional 401(k) plan is provided to its US employees. To be a safe harbour, the plan must provide for employer contributions that are fully vested when made. These contributions may be employer matching contributions, limited to employees who defer, or employer contributions made on behalf of all eligible employees, regardless of whether they make elective deferrals.

Related party transactions

Transactions with related parties in the normal course of business are measured at the exchange amount. Transfers or business combinations between entities under common control are measured at the carrying amount.

(Continues)



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

3. ACCOUNTING POLICIES (Continued)

Foreign currency translation

The combined financial statements are presented in United States dollars. Each entity within Innova determines its own functional currency based on the primary economic environment in which it operates. In 2017, all Innova entities with the exception of Braden Europe (Euro) determined they had a US functional currency. On consolidation and combination, assets and liabilities of all operations are translated into United States dollars at the exchange rate at the balance sheet date. Revenues and expenses are translated at the average monthly exchange rates during the period. Gains or losses on translation are included in Accumulated Other Comprehensive Income ("AOCI").

Transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Monetary assets and liabilities and non-monetary assets and liabilities measured at fair value denominated in a foreign currency are adjusted to reflect the exchange rate at the balance sheet date. Gains or losses on translation of these monetary and non-monetary items are recognized in earnings. Non-monetary items not measured at fair value are not retranslated after they are first recognized.

If Innova disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the accumulated foreign currency translation gains or losses related to the foreign operation are recognized in earnings.

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2017 and 2016***(Tabular amounts in thousands of United States Dollars, except as otherwise noted)*

3. ACCOUNTING POLICIES (Continued)**Accounting standards and interpretations not yet adopted**

Certain new or amended standards or interpretations issued by the IASB or IFRIC do not need to be adopted in the current period. Standards issued, but not yet effective, which Innova anticipates may have a material effect on the combined financial statements or note disclosures are described below.

IFRS 9 (2014) Financial Instruments

During 2014 the IASB issued an amended IFRS 9 Financial Instruments to replace International Accounting Standard (IAS 39) Financial Instruments: Recognition and Measurement. This standard addresses the classification and measurement of financial assets and liabilities. The standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables, to be replaced by amortized cost, fair value through other comprehensive income, and fair value through profit and loss. The basis of classification depends on the entity's business model and contractual cash flow characteristics of the financial asset. The provisions of this standard apply to financial statements for accounting periods beginning on or after January 1, 2018, with early adoption permitted. Innova is evaluating the impact of this standard.

IFRS 15 Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which provides a comprehensive five-step revenue recognition model for all contracts with customers. IFRS 15 requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. Innova is evaluating the impact of this standard.

IFRS 16 Leases

In January 2016, the IASB issued a final version of IFRS 16 Leases. The standard eliminates the current dual accounting model for lessees, which distinguishes between on-statement of financial position finance leases and off-statement of financial position operating leases. Instead, there is a single, on-statement of financial position accounting model that is similar to current finance lease accounting. Lessor accounting remains similar to current practice - i.e. lessors continue to classify leases as finance and operating leases. IFRS 16 is effective for periods beginning after January 1, 2019, with earlier application permitted if IFRS 15 is also adopted. Innova is evaluating the impact of this standard.

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2017 and 2016***(Tabular amounts in thousands of United States Dollars, except as otherwise noted)*

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Management makes estimates and judgments that could significantly affect how policies are applied, amounts in the combined financial statements are reported, and contingent assets and liabilities are disclosed. Most often these estimates and judgments concern matters that are inherently complex and uncertain. Judgments and estimates are reviewed on an on-going basis; changes to accounting estimates are recognized prospectively.

Significant judgments and estimates made by Innova are outlined below.

Revenue recognition

The percentage of completion method of revenue recognition requires management to apply judgment in measuring the stage of project completion on an ongoing basis and in estimating the remaining costs to complete a project. The ability to produce a reliable estimate may be impaired when certain conditions are present, such as when there are litigations.

Impairment of long-lived assets

Indicators of impairment are considered when evaluating whether or not an asset is impaired. Factors which could indicate an impairment exists include: significant underperformance relative to historical or projected operating results, significant changes in the way in which an asset is used or in Innova's overall business strategy, significant negative industry or economic trends, or adverse decisions by regulators. Events indicating an impairment may be clearly identifiable or based on an accumulation of individually insignificant events over a period of time.

Innova continually monitors its long-lived assets and the markets and business environment in which it operates for indications of asset impairment. Where necessary, Innova estimates the recoverable amount for each CGU to determine if an impairment loss is to be recognized. These estimates are based on assumptions, such as the price for which the assets in the CGU could be obtained or future cash flows that will be produced by the CGU, discounted at an appropriate rate.

Subsequent changes to these estimates or assumptions could significantly impact the carrying value of the assets in the CGU.

Property, plant and equipment and intangibles

Innova makes judgments to: assess the nature of the costs to be capitalized and the time period over which they are capitalized in the purchase or construction of an asset; evaluate the appropriate level of componentization where an asset is made up of individual components for which different depreciation and amortization methods and useful lives are appropriate; distinguish major overhauls to be capitalized from repair and maintenance activities to be expensed; and determine the useful lives over which assets are depreciated and amortized.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

4. SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS (Continued)

Useful lives are estimated based on current facts and past experience taking into account the anticipated physical life of the asset, existing long-term sales agreements and contracts, current and forecast demand, and the potential for technological obsolescence.

Leases

Innova evaluates contract terms and conditions to determine whether they are leases or contain leases. Where a lease exists, Innova determines whether substantially all of the significant risks and rewards of ownership are transferred, in which case it is accounted for as a finance lease, or remain with the Lessor, in which case it is accounted for as an operating lease.

Decommissioning liability

Management determined that at the end of 2017 and 2016, no decommissioning liabilities exist. For each project, insurance is set up in the event of damages and subcontractors are required to be insured as well.

Income taxes

Innova is subject to income taxes in numerous jurisdictions. Innova makes judgments with respect to changes in tax legislation, regulations and interpretations thereof. Judgment is also applied to estimating probable outcomes, when temporary differences will reverse, and whether tax assets are realizable.

When tax legislation is subject to interpretation, management periodically evaluates positions taken in tax filings and records provisions where appropriate. The provisions are management's best estimates of the expenditures required to settle the present obligations at the combined consolidated statement of financial position date, using a probability weighting of possible outcomes.

Management periodically evaluates positions taken in tax filings where tax legislation is subject to interpretation, and records provisions where appropriate. The provisions are management's best estimates of the expenditures required to settle the present obligations at the balance sheet date measured using a probability weighting of possible outcomes.

**NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2017 and 2016***(Tabular amounts in thousands of United States Dollars, except as otherwise noted)***5. ACQUISITION OF BRADEN**

On October 11, 2017, the Partnership completed the acquisition of the Braden division of Global Power Equipment Group Inc. which included:

Global Power Netherlands B.V. and its subsidiaries
Braden Manufacturing L.L.C ("Braden US")
Global Power Technical Services, Inc.
GPEG Mexico Distributing, S.A. DE C.V.
Global Power Equipment Group (Hong Kong) Limited
Braden Power Equipment (Shanghai) Co. Ltd

and all the designs and intellectual property of Braden US for a total purchase price of \$43.25 million USD. The final working capital adjustment has been accrued based on management's best estimate of expected settlement.

The acquisition date fair values have been accounted for as follows

	2017
Net working capital	\$ 27,758
Property and equipment	1,229
Intangibles	13,619
Deferred taxes	(2,455)
Goodwill	2,777
Total net assets acquired	42,928
Decrease in purchase price due to bank indebtedness	322
	43,250

Intangible assets acquired consist of customer relationships and contracts, proprietary technology and Braden brand name. The intangibles are amortized over the expected economic life of the assets in accordance with the Partnership's amortization policy.

The acquisition was funded as follows:

Convertible Partnership Debt	\$ 28,250
Promissory Note	10,000
Convertible Long Term Debt	5,000
Total	\$ 43,250



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

6. CASH AND CASH EQUIVALENTS

	2017	2016
Cash and cash equivalents	\$ 5,806	\$ 2,984
Cash related to acquisition costs held by legal counsel	1,901	150
Total Cash and cash equivalents	\$ 7,707	\$ 3,134

7. ACCOUNTS RECEIVABLE

	2017	2016
Trade accounts receivable	\$ 41,742	\$ 27,379
Holdbacks receivable	3,268	6,536
Accounts receivable from employees	167	66
Sales Tax	3,722	311
Other accounts receivable	72	-
Sub-total	48,971	34,292
Allowance for doubtful trade accounts receivable	(225)	(2)
Total Accounts Receivable	\$ 48,746	\$ 34,290

8. WORK IN PROGRESS

	2017	2016
Work in progress	\$ 3,780	\$ -
Inventory of goods for sale (finished goods)	661	-
Work in process	24,214	3,622
Costs in excess of billing	18,757	-
Other inventories	1,657	1,612
Total Work in progress	\$ 49,069	\$ 5,234



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

9. PROPERTY AND EQUIPMENT

	Machinery and equipment	Buildings and lease costs	Office Equipment	Automotive	Construction in progress	Total
Cost						
Opening, January 1, 2016	\$ 554	\$ 221	\$ 850	\$ 9	\$ -	\$ 1,634
Additions	62	241	342	-	-	645
Disposals	-	(127)	-	-	-	(127)
December 31, 2016	616	335	1,192	9	-	2,152
Additions	1,136	686	1,367	163	79	3,431
Disposals	(199)	(16)	(4)	(49)	-	(268)
Closing, December 31, 2017	\$ 1,553	\$ 1,005	\$ 2,555	\$ 123	\$ 79	\$ 5,315
Accumulated depreciation						
Opening, January 1, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	148	91	345	2	-	586
Disposals	-	(75)	-	-	-	(75)
December 31, 2016	148	16	345	2	-	511
Additions	204	67	602	37	-	910
Disposals	(4)	(12)	-	(7)	-	(23)
Closing, December 31, 2017	\$ 348	\$ 71	\$ 947	\$ 32	\$ -	\$ 1,398
Net book value						
December 31, 2016	\$ 468	\$ 319	\$ 847	\$ 7	\$ -	\$ 1,641
December 31, 2017	\$ 1,205	\$ 934	\$ 1,608	\$ 91	\$ 79	\$ 3,917

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
10. INTANGIBLES

	Projects in Progress	Customer list	Proprietary Technology	Software	Software in Development	Total
Cost						
Opening, January 1, 2016	\$ 1,926	\$ 2,429	\$ 7,726	\$ 1,145	\$ 48	\$ 13,274
Additions	-	-	-	219	561	780
Disposals	-	-	-	(9)	(41)	(50)
December 31, 2016	1,926	2,429	7,726	1,355	568	14,004
Additions	1,018	9,517	2,782	1,058	-	14,375
Disposals	-	-	-	-	(568)	(568)
Closing, December 31, 2017	\$ 2,944	\$ 11,946	\$ 10,508	\$ 2,413	\$ -	\$ 27,811

Accumulated depreciation

Opening, January 1, 2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	1,007	508	935	383	-	2,833
Disposals	-	-	-	(2)	-	(2)
December 31, 2016	1,007	508	935	381	-	2,831
Additions	1,089	1,947	1,020	738	-	4,794
Closing, December 31, 2017	\$ 2,096	\$ 2,455	\$ 1,955	\$ 1,119	\$ -	\$ 7,625

Net book value

December 31, 2016	\$ 919	\$ 1,921	\$ 6,791	\$ 974	\$ 568	\$ 11,173
December 31, 2017	\$ 848	\$ 9,491	\$ 8,553	\$ 1,294	\$ -	\$ 20,186

11. ACCOUNTS PAYABLE

	2017	2016
Trade accounts payable	\$ 11,609	\$ 1,767
Holdbacks payable	4,500	2,191
Wages payable	1,692	311
Bonuses payable	663	-
Employee deductions payable	525	186
Other payables	5	-
Interest payable	67	-
Credit Cards	11	-
Total Accounts payable	19,072	4,455
Other accrued liabilities	47,816	48,970
Total Accounts Payable	\$ 66,888	\$ 53,425



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

12. BANK DEBT

	2017	2016
Bank Revolving Facilities		
The revolving facilities provide for drawdowns via Canadian prime loans and bankers acceptances, and US base rate loans and LIBOR to a maximum of CAD \$35 million. The variable interest rates spread is based on the Total Debt to EBITDA ratio. As at year-end, the effective rates ranged from 4.27% to 6.5% per annum. The revolving facilities were scheduled to mature on December 27, 2019. See Note 25 Subsequent Events.	\$ 22,900	\$ 2,648
Total Bank Revolving Facilities	\$ 22,900	\$ 2,648
Long-term Debt		
US dollar fixed loan with quarterly principal payments of USD \$724 thousand plus interest with a variable interest rate based on the bank's U.S. Base Rate Loan of interest (5.0% at December 31, 2017) plus 1.5% per annum. The loan was scheduled to mature on December 31, 2019. See Note 22 and Note 25 Subsequent Events.	\$ 15,247	\$ 17,424
Long-term debt	15,247	17,424
Bank Loan - financing charges	(151)	(248)
Current portion of long-term debt	(15,096)	(2,900)
Total Long-term debt		14,276
Revolving Facilities	22,900	2,648
Current portion of bank debt	15,096	2,900
Long-term portion of bank debt		14,276
Total Bank Debt	\$ 37,996	\$ 19,824

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

12. BANK DEBT (Continued)

The Partnership's credit facilities are provided by a bank syndicate consisting of certain Canadian Banks and a Crown Corporation of the Government of Canada. The revolving facilities and long term bank debt are subject to the following financial covenants at the combined consolidated level.

The financial covenants stay in effect until maturity and are based on the trailing four quarter periods:

- Term debt to EBITDA ratio
- Fixed charge coverage ratio
- Working capital ratio

Subsequent to year-end, the terms of the credit facility were amended to extend the combined consolidated financial statement reporting date to May 25, 2018, and to exclude Due to Partners of the Partnership – Convertible (Note 14) from the Working Capital Ratio financial covenant calculation for the year ended December 31, 2017, and for the quarters ending March 31, 2018 and June 30, 2018.

Notwithstanding these amendments, the Company was in breach of the term debt to EBITDA ratio covenant for the 2017 year end and the bank syndicate issued a notice of default. Accordingly, all amounts outstanding under the bank debt are reflected as current liabilities at December 31, 2017. The convertible debt due to Export Development Canada (Note 13), convertible loans due to parents of the Partnership (Note 14) and unsecured subordinated promissory note payable to Export Development Canada (Note 17) are also classified as current due to the cross default terms of each of those agreements. The variable interest rates on the revolving facilities increased to range from 4.7% to 9.75% which includes an additional 2% per annum as a result of the event of default.

Effective October 19, 2018, an amending agreement was executed with the bank syndicate which increased the revolving facilities to CAD \$37.5 million and extended the maturity date to April 30, 2020. The revolving facilities will reduce to CAD \$35 million on February 28, 2019.

The financial covenants were amended as follows:

- (a) Term debt to EBITDA ratio is waived until December 31, 2019 and thereafter shall not exceed 2:1 at the end of any fiscal quarter.
- (b) Fixed charge coverage ratio is waived until the maturity date.
- (c) Working capital ratio is waived until December 31, 2019 and will not be less than 1.2:1.0 as at the end of any fiscal year-end.
- (d) A new minimum normalized year to date EBITDA with thresholds for each quarter commencing January 1, 2019.
- (e) Capital expenditures will not exceed CAD \$300 thousand from October 19, 2018 to December 31, 2018 and CAD \$1.2 million for the year ending December 31, 2019.

In the event of any event of default resulting from a failure to meet the financial covenant (a) or (d) above, proceeds from the issuance of equity or debt by the Company or any payment made under the shareholder guarantee will be included in the calculation of EBITDA to cure the default.

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
12. BANK DEBT (Continued)

The annual interest rates on the revolving facilities are fixed at Canadian prime and US base rates plus 4.5% and Canadian bankers acceptances and US LIBOR plus 5.5% until February 28, 2019 when spreads reduce by 1%.

The long-term debt quarterly principal repayments of \$725 thousand were amended to repayments of \$250 thousand due December 31, 2019 and \$726 thousand due March 31, 2020 and each quarter thereafter.

The Company's loans are secured via charges on all assets of the Company including accounts receivable and fixed assets.

The credit facilities are secured by a General Security Agreement creating a first charge security interest over all of the Company's assets, including its subsidiaries, present and after acquired real property.

The operating loans, with the exception of CAD \$5 million are margined against accounts receivable subject to certain terms and conditions. The unmargined operating loan of CAD \$5 million reduces to CAD \$2.5M on February 28, 2019.

The loans are also secured by eligible inventory meaning all inventory of the Canadian, US, Mexican, Dutch, Great Britain and Australian loan parties, valued in Canadian, US or Australian dollars or British Pounds on a net realizable value basis in accordance with IFRS.

Innova has issued \$12.4 million of letters of credit for general corporate purposes (2016 – \$5.4 million).

A subsidiary of the Partnership has a € 1.0 million demand with variable interest calculated at one-month Euribor plus 1.57%, operating line of credit and a € 13.0 million letter of credit facility. The operating facility is unsecured and the letter of credit facility is ultimately guaranteed by a crown corporation of the Government of Canada.

As at December 31, 2017, there was nil outstanding under the line of credit and €8.6 million and USD \$1.2 million outstanding under the letter of credit facility.

13. CONVERTIBLE DEBT

The convertible debt is due to Export Development Canada, is unsecured and subordinated with interest accruing monthly at 18% per annum. The full balance including accrued interest is due on the earlier of the date on which refinancing of this instrument occurs, a liquidity event or an event of default. On or before March 31, 2018, the payor had an option to convert the principal amounts outstanding and accrued interest into partnership units. On October 19, 2018 this option was extended indefinitely as the note was amended extending the maturity to December 31, 2023 in conjunction with the amending agreement dated October 19, 2018 – see Note 25. Subsequent Events.

	2017	2016
Long-term debt - convertible including accrued interest.	\$ 5,202	\$ -



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

14. DUE TO PARENTS OF THE PARTNERSHIP - CONVERTIBLE

	2017	2016
Due to TriEmissions Holdings (US) Limited Partnership a principal amount of CAD \$585,200	\$ 468	\$ -
Due to TriEmissions Holdings Limited Partnership a principal amount of CAD \$2,914,800	2,332	-
Due to TriEmissions Holdings Limited Partnership	24,477	-
Due to TriEmissions Holdings Limited Partnership	2,599	-
Total Due to Partnership (parent) - convertible	\$ 29,876	\$ -

Each of the above four loans are unsecured subordinated to the bank debt and bear interest at 18% per annum accruing monthly. The full balance including accrued interest is due on the earlier of the date on which refinancing of this instrument occurs, a liquidity event or an event of default. On or before March 31, 2018, the payor had the option to convert the principal amounts outstanding and accrued interest into partnership units. This option was extended indefinitely as each of the four loans were amended on October 19, 2018 extending the maturity to December 31, 2023 in conjunction with the amending agreement dated October 19, 2018 – see Note 25. Subsequent Events.

15. DUE TO FORMER AFFILIATE

	2017	2016
Due to Global Power - current	\$ 1,157	\$ -
Due to Atco - long term	1,146	1,146
Total Due to Former Affiliate	\$ 2,303	\$ 1,146

Global Power is the former parent of Braden. The amount owing to Global Power was paid in January 2018.

ATCO is the former parent of Innova. The amount owing to ATCO is dependent upon the collection of a long term receivable



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

16. DUE TO PARENTS OF THE PARTNERSHIP

	2017	2016
Due to TriEmissions Holdings (US) Limited Partnership, unsecured subordinated promissory note payable by the Company to its parent with interest calculated at 18% per annum. Any interest that is not paid when due bears interest at 18% per annum and compounded quarterly. Principal amounts maybe made in minimum amounts of \$100,000. The full balance is due when the payor and its affiliates do not collectively own more than 50% of the issued and outstanding Class A and Class B units of Innova Global Limited Partnership or an event of default or upon notice of prepayment.	\$ 1,228	\$ -
Due to TriEmissions Holdings (US) Limited Partnership, unsecured subordinated promissory note payable by the Company to its parent with interest calculated at 18% per annum. Any interest that is not paid when due bears interest at 18% per annum and compounded quarterly. Principal amounts maybe made in minimum amounts of \$50,000. The full balance is due when the payor and its affiliates do not collectively own more than 50% of the issued and outstanding Class A and Class B units of Innova Global Limited Partnership or an event of default or upon notice of prepayment.	1,459	995
Due to TriEmissions Holdings (US) Limited Partnership, unsecured subordinated non-interest bearing promissory note payable by the Company to its parent. The full balance is due on the earlier of the refinancing date, a liquidity event or an event of default. The note was amended on October 19, 2018 such that the full balance is due on the earlier of December 31, 2023, a liquidity event or an event of default.	2,575	-
Due to TriEmissions Holdings (US) Limited Partnership, unsecured subordinated non-interest bearing promissory note payable by the Company to its parent. The full balance is due on the earlier of the refinancing date, a liquidity event or an event of default. The note was amended on October 19, 2018 such that the full balance is due on the earlier of December 31, 2023, a liquidity event or an event of default.	502	-
Due to TriEmissions Holdings Limited Partnership, sub-denture note payable by the Partnership. The note was cancelled on October 11, 2017 and reissued as convertible debt.	-	2,106
Due to TriEmissions Holdings US LP, sub-denture note payable by the Partnership. The note was cancelled on October 11, 2017 and reissued as convertible debt.	-	423
Sub-total	5,764	3,524
Current portion	(5,764)	-
Total Due to Partnerships	\$	3,524

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
17. EDC SUBORDINATED PROMISSORY NOTE

The Partnership issued an unsecured subordinated promissory note payable to Export Development Canada with interest calculated at both 7% per annum which accrues on the outstanding principal amount and 3% per annum payable per quarter. At the Partnership's option, the payment in kind interest of 7% may be paid quarterly. The principal amount is due on the earlier of March 20, 2023, a liquidity event, an event of default, or upon notice of any prepayment. On October 19, 2018 the promissory note was amended to extend the maturity to the earlier of December 31, 2023, a liquidity event, an event of default, or upon notice of any prepayment.

	2017	2016
Promissory note, including accrued interest	\$ 10,156	\$ -
Financing charges	(150)	-
Total EDC Subordinated Promissory Note	\$ 10,006	\$ -

18. SALARIES, WAGES AND BENEFITS

	2017	2016
Salaries, wages and incentives	\$ 16,415	\$ 12,490
Benefits	3,225	2,187
Other employee related expenses	552	252
Contractors and consultants	4,356	2,882
	\$ 24,548	\$ 17,811

Key management personnel

	2017	2016
Salaries and other short-term benefits	\$ 2,838	\$ 2,850
Post-retirement benefits	120	89
	\$ 2,958	\$ 2,939

Key management personnel are those senior management individuals who have the authority and responsibility for planning, directing and controlling the activities of Innova.

During 2017 and 2016, Innova completed significant transitional activities to purchase Braden and to be a stand-alone entity. These transitional activities related primarily to Corporate, Human Resources, Insurance, Legal, Treasury, Banking, marketing, Financial Reporting systems, and new product development functions. The one-time costs for these activities are recorded in Innova's Selling and General and Administrative costs.



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

19. RELATED PARTY TRANSACTIONS

During the course of the year, the Partnership paid \$293 thousand (2016 - 260 thousand) in management fees to TriWest Capital Partners who manage the Funds which have invested in Innova.

20. EQUITY

The changes in equity are as follows:

	Common Shares	Class A Units	Total
Opening, January 1, 2016	\$ 12,371	\$ -	\$ 12,371
Units issued during year	-	11,738	11,738
Repurchases	(11,211)	-	(11,211)
Return of capital	-	(161)	(161)
Closing, December 31, 2016	\$ 1,160	\$ 11,577	\$ 12,737
Common shares issued during year	\$ 967	\$ -	\$ 967
Units issued during year	-	372	372
Return of capital	-	(8)	(8)
Closing, December 31, 2017	\$ 2,127	\$ 11,941	\$ 14,068

On December 31, 2017, there are \$144 (2016 - \$136) Class B units, after combination there are \$124 (2016 - \$117).

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
21. INCOME TAX

The reconciliation of the effective income tax expense is as follows:

	2017	2016
Income (Loss) before taxes	\$ (5,747)	\$ 440
Expected tax rate	27 %	27 %
Expected income tax recovery	(1,552)	119
Non-deductible expense	24	258
Change in unrecognized deferred tax assets	443	(37)
Foreign exchange	(3)	(168)
Change in estimates for prior year tax returns	(214)	246
Non-taxable partnership income	604	816
Tax rate differentials	(743)	288
Other	99	(91)

Total Income Tax	\$ (1,342)	\$ 1,431
-------------------------	-------------------	-----------------

Allocation of provision

	2017	2016
Current tax	\$ 515	\$ 780
Deferred tax (recovery)	(1,857)	651
	\$ (1,342)	\$ 1,431

Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following temporary differences:

	2017	2016
Non-capital losses	\$ 2,044	\$ 586
Other temporary differences	1	-
	\$ 2,045	\$ 586

The non-capital losses will expire between 2035 to 2037 in Canada and within 18 years in the USA. The deductible temporary differences do not expire under current tax legislation. Most of these balances relate to Canadian entities.

(Continues)

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
21. INCOME TAX (Continued)

Deferred tax assets and (liabilities) are attributable to the following:

Deferred income tax assets and liabilities	2017	2016
Property and equipment	\$ (328)	\$ (79)
Intangibles	(1,761)	(1,266)
Non-capital losses	-	42
Financing costs	80	36
Unrealized foreign exchange	(80)	(78)
Payables and other	878	194
Long-term contracts	(1,237)	(778)
Prepaid and other	(5)	33
	\$ (2,453)	\$ (1,896)

The changes in deferred income tax assets and liabilities are as follows:

	Opening	Income Statement	Acquired in Business Combination	Foreign Exchange	Ending
Property and equipment	\$ (79)	\$ (249)	\$ -	\$ -	(328)
Intangibles	(1,266)	1,838	(2,455)	122	(1,761)
Non-capital losses	42	(37)	-	(5)	-
Financing costs	36	37	-	7	80
Unrealized foreign exchange	(78)	-	-	(2)	(80)
Payables and other	194	727	-	(43)	878
Long-term contracts	(778)	(459)	-	-	(1,237)
Prepays and other	33	-	-	(38)	(5)
	\$ (1,896)	\$ 1,857	\$ (2,455)	\$ 41	\$ (2,453)

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS
Financial risks

Innova is exposed to a variety of risks associated with the use of financial instruments. These risks are comprised of interest rate risk, foreign currency exchange rate risk, commodity price risk, credit risk and liquidity risk. Innova's Board is responsible for understanding the principal risks of Innova's business, achieving a proper balance between risks incurred and the potential return to share owners, and confirming there are controls in place to effectively monitor and manage those risks with a view to the long-term viability of Innova.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

Innova's interest-bearing assets and liabilities include cash and cash equivalents and short and long term debt. The interest rate risk faced by the Innova is largely a result of its variable rate short and long term debt. A 0.5% change in the interest rates will change the interest expense owing by \$153 thousand (2016 - \$100 thousand) (see Notes 12 and 25).

On November 14, 2017 the Partnership entered into two, 2 year, floating to fixed, interest rate swap agreements for a total notional amount of \$7.6 million with two of the banks that participate in the Partnership's syndicated credit facility. For both swaps, the Partnership receives a floating rate spread over 90 day LIBOR of 1.419% and pays a fixed rate of 2.13% per annum. These swaps mitigate the risk of rising interest rates associated with a portion of the Partnership's long term debt facility.

The net differential paid or received will be recognized over the life of the agreement as an adjustment to interest expense. As at December 31, 2017, the differential has been determined to be immaterial and has not been recognized as an adjustment to interest expense in the combined consolidated statements of the Partnership.

Foreign exchange rate risk

Innova has some foreign exchange rate risk with its Canadian operations in its earnings as well as the debt denominated in Canadian dollars (see Notes 12 and 13), however the majority of Innova's operations are in the United States or based in US dollars which is Innova's functional currency. At this time, Innova does not offset the foreign exchange impact with hedging.

Credit risk

For cash and cash equivalents and accounts receivable, credit risk represents the carrying amount on the combined consolidated statement of financial position.

Accounts receivable credit risk is reduced by working to diversify the customer base and utilizing credit security such as letters of credit. This risk is also minimized by dealing with large, credit-worthy counterparties according to established credit approval policies.

Accounts receivable are non-interest bearing and are generally due in 30 to 90 days. As of the year end, Innova has \$6.2 million (2016 - \$2.3 million) in receivables that are over 90 days. These are not considered impaired.

Cash and cash equivalents are held with reputable financial institutions.

(Continues)



NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

22. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

Liquidity risk

Liquidity risk is the risk that Innova will not be able to meet its financial obligations.

Additional cash requirements are met with the use of existing cash balances, bank borrowings and issuance of long-term debt.

Innova has several long-term operating leases for office space and vehicles. During the year, \$1.5 million (2016 - \$1.7 million) was recognized as an expense for these operating leases.

Future minimum undiscounted contractual maturities are as follows:

	2018	2019	2020	2021	2022	Thereafter
Financial Liabilities						
Accounts payable and accrued liabilities	\$ 66,888	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of bank debt	37,996	-	-	-	-	-
Convertible debt	5,432	-	-	-	-	-
Due to partnerships - convertible	29,876	-	-	-	-	-
Due to former affiliate	2,303	-	-	-	-	-
Current portion due to partnerships	5,764	-	-	-	-	-
Long-term portion of bank debt	-	-	-	-	-	-
EDC subordinated promissory note	732	785	846	905	970	10,191
	148,991	785	846	905	970	10,191
Commitments						
Operating leases	1,823	1,598	1,347	1,090	799	2,422
	\$ 150,814	\$ 2,383	\$ 2,193	\$ 1,995	\$ 1,769	\$ 12,613

Fair value of non-derivative financial instruments

The fair value of cash and cash equivalents, accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate carrying value due to their short-term nature, their variable interest rates or their terms reflecting similar terms available in the market.



INNOVA GLOBAL LTD. AND INNOVA GLOBAL LIMITED PARTNERSHIP

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

(Tabular amounts in thousands of United States Dollars, except as otherwise noted)

23. STATEMENT OF CASH FLOW, NON-CASH WORKING CAPITAL

	2017	2016
Accounts receivable	\$ 2,664	\$ (10,167)
Due from former affiliate	-	248
Taxes payable	306	1,011
Work in progress	(17,477)	(4,165)
Prepaid expenses	(630)	86
Security deposits	(729)	(391)
Accounts payable and accrued liabilities	(6,564)	14,408
Unearned revenue	3,134	296
Reserve for warranties	(251)	(177)
Due to former affiliate	1,157	(95)
Total	\$ (18,390)	\$ 1,054

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2017 and 2016
(Tabular amounts in thousands of United States Dollars, except as otherwise noted)
24. SUBSIDIARIES

Principal Operating Subsidiaries	Principal Place of Business	Principal Activity
Innova Global Operating Ltd.	Canada	Holding Company
1938247 Alberta Ltd.	Canada	Holding Company
Innova Global Europe B.V.	Netherlands	Holding Company
Global Power Netherlands B.V.	Netherlands	Holding Company
Global Power Equipment Group (HK) Ltd.	Hong Kong	Holding Company
Innova Global LLC.	United States	Operating Company
Innova Global LLC	United States	Operating Company
Innova Global Limited	United Kingdom	Operating Company
Innova Global Australia PTY Limited	Australia	Operating Company
Innova Global SpA	Chile	Operating Company
IG Acoustical SpA	Chile	Operating Company
Braden-Europe B.V.	Netherlands	Operating Company
Global Power Professional Services Netherlands B.V.	Netherlands	Operating Company
Global Power Technical service, Inc.	United States	Operating Company
Braden Manufacturing, L.L.C.	United States	Operating Company
Braden Power Equipment (Shanghai) Co., Ltd.	China	Operating Company
Shelf Company No. 94 S. de. R.L. de C.V.	Mexico	Operating Company
GPEG Mexico Distribution S.A. De C.V.	Mexico	Manufacturing Company
Shelf Company No. 79 S. de. R.L. de C.V.	Mexico	Manufacturing Company
Shelf Company No. 82S. de. R.L. de C.V.	Mexico	Manufacturing Company

NOTES TO COMBINED CONSOLIDATED FINANCIAL STATEMENTS**December 31, 2017 and 2016***(Tabular amounts in thousands of United States Dollars, except as otherwise noted)*

25. SUBSEQUENT EVENTS

Effective October 19, 2018 an amending agreement was executed between Innova Global Ltd. and the bank syndicate, which provides additional financing capacity under the revolving facilities and amends certain key terms including the financial covenants, interest rates, maturity date and principal payment terms of the long-term debt. See Note 12 Bank Debt.

As a condition of the amending agreement, the shareholders provided CAD \$5 million cash to Innova Global Ltd. and a CAD \$2.5 million guarantee to the bank syndicate. The cash was received as follows:

- CAD \$3,581,040 subordinated convertible promissory note issued to TriEmissions Holdings Limited Partnership on October 19, 2018 bearing interest at 18% per year compounded quarterly. Interest is payable on December 31, 2023
- CAD \$700,000 subordinated convertible promissory note issued to Export Development Canada on October 19, 2018 bearing interest at 18% per year compounded quarterly. Interest is payable on December 31, 2023
- CAD \$718,960 proceeds on subscription to 718,960 shares in Innova Global Ltd. by its parent, TriEmissions Holdings (US) Limited Partnership on October 19, 2018

The full balance of the above two notes is due on the earlier of December 31, 2023, a liquidity event, an event of default or any other date as agreed to by the holder and payors.

The guarantee remains in place until the new maturity date, April 30, 2020. The guarantee may be called by the lenders if certain key covenants are not met including the minimum EBITDA covenant or a principle payment is missed.

26. CONTINGENCIES

Subsequent to year end, the working capital adjustment for the Braden acquisition was submitted for comment to the vendor. The negotiations are ongoing and the amount is not determinable and are subject to negotiations.

From time to time, Innova and its subsidiaries are subject to claims and other lawsuits that arise in the ordinary course of business, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it is estimable. At the time of the financial statement preparation, there has been no resolution or indication that the settlement of any actions will result in any material liabilities.