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Ohio | Public Utilities Commission

Original AGG Case Number	Version
14 - 1118 -EL-AGG	May 2016

RENEWAL APPLICATION FOR ELECTRIC AGGREGATORS/POWER BROKERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

A. RENEWAL INFORMATION

A-1 Applicant intends to be certified as: (check all that apply)

□ Power Broker □ Aggregator

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name **Sunwave USA Holdings Inc.**
Address **263 Tresser Boulevard 9th Floor Stamford, CT 06901**
PUCO Certificate # and Date Certified **14-849E July 21, 2004**
Telephone # **(416) 444-4848** Web site address (if any) **www.gosunwave.com**

A-3 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name **Sunwave USA Holdings Inc. dba Sunwave Gas &Power Ohio Inc.**
Address **263 Tresser Boulevard 9th Floor Stamford, CT 06901**
Telephone # **(416) 444-4848** Web site address (if any) **www.gosunwave.com**

A-4 List all names under which the applicant does business in North America

Sunwave Gas & Power Massachusett	Sunwave Gas & Power Pennsylvania
Sunwave Gas & Power Connecticut I	Sunwave USA Holdings Inc.
Sunwave Gas & Power Inc. (Ontario	

A-5 Contact person for regulatory or emergency matters

Name **Laura Jurasek**
Title **Regulatory Compliance and Operations**
Business address **155 Gordon Baker Rd. Suite 301, Toronto ON M2H 3N5**
Telephone # **(416) 992-0700** Fax # **(647) 253-2525**
E-mail address **ljurasek@gosunwave.com**

A-6 ***Contact person for Commission Staff use in investigating customer complaints***

Name **Laura Jurasek**
Title **Regulatory Compliance and Operations**
Business address **155 Gordon Baker Rd. Suite 301, Toronto ON M2H 3N5**
Telephone # **(416) 992-0700** Fax # **(647) 253-2525**
E-mail address **ljurasek@gosunwave.com**

A-7 **Applicant's address and toll-free number for customer service and complaints**

Customer Service address **155 Gordon Baker Rd. Suite 301, Toronto ON M2H 3N5**
Toll-free Telephone # **(855) 478-6928** Fax # **(647) 253-2525**
E-mail address **Customercare@gosunwave.com**

A-8 **Applicant's federal employer identification number # 90-0786420**

A-9 **Applicant's form of ownership (check one)**

- ☐ *Sole Proprietorship*
- ☐ *Partnership*
- ☐ Limited Liability Partnership (LLP)
- ☐ Limited Liability Company (LLC)
- ☑ Corporation
- ☐ Other ____________

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 **Exhibit A -10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.
☑No ☐Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.
☑No ☐Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody's, Standard & Poor's or Fitch and provide evidence of rating from the rating agencies.

2. Have a parent company or third party that is investment grade rated by Moody's, Standard & Poor's or Fitch guarantee the financial obligations of the applicant to the LDU(s).

3. Have a parent company or third party that is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company's financials must be included in the application if the applicant is relying on this option.

4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

C-5 **Exhibit C-5 "Forecasted Financial Statements,"** provide two years of forecasted income statements for the applicant's **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

C-6 **Exhibit C-6 "Credit Rating,"** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.

C-7 **Exhibit C-7 "Credit Report,"** provide a copy of the applicant's credit report from Experion, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.

C-8 **Exhibit C-8 "Bankruptcy Information,"** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

C-9 **Exhibit C-9 "Merger Information,"** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.

C-10 **Exhibit C - 10 "Corporate Structure,"** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

Signature of Applicant & Title PRESIDENT

Sworn and subscribed before me this 31st **day of** March, 2017
Month **Year**

Signature of official administering oath CHARLES NEUWALD, LAWYER, NOTARY PUBLIC
Print Name and Title

My commission expires on

CHARLES NEUWALD NOTARY PUBLIC ONTARIO

AFFIDAVIT

~~State~~ Province of Ontario :

Oakville ss.
(Town)

~~County~~ of Canada :

Robert Wilk, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the President (Office of Affiant) of Summitt USA Holdings Inc (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.

2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.

3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.

4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.

5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.

6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.

7. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.

8. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.

10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

Signature of Affiant & Title PRESIDENT

Sworn and subscribed before me this 31st day of MARCH, 2017
Month Year

Signature of official administering oath

CHARLES NEUWALD LAWYER, NOTARY PUBLIC
Print Name and Title

My commission expires on ______________

CHARLES NEUWALD NOTARY PUBLIC ONTARIO

Exhibits

Exhibit A-10: Principal Officers, Directors & Partners

Officers and Directors of Sunwave USA Holdings Inc, dba Sunwave Gas & Power Ohio Inc. (Both wholly-owned subsidiaries of ONEnergy Inc.)

President and Director: Robert Weir

Secretary: Ray de Ocampo

The business address and telephone number for the above officers and director is:

Address: 155 Gordon Baker Road, Suite 301
Toronto, ON, Canada M2H 3N5

Telephone: 1 (416) 444-4848

Officers and Directors of ONEnergy Inc.

Chairman of the Board of Directors: Stephen J.J. Letwin

Director: Lawrence Silber

Director: Stanley Hartt

Director: David Rattee

Director: Robert Weir

Chief Executive Officer: Stephen J.J Letwin

Chief Financial Officer: Ray de Ocampo

Chief Operating Officer: Robert Weir

The business address and telephone number for the above officers and director is:

Address: 155 Gordon Baker Road, Suite 301
Toronto, ON, Canada M2H 3N5

Telephone: 1 (416) 444-4848

Exhibit B-1: Jurisdictions of Operations

Pennsylvania (Sunwave Gas & Power Pennsylvania Inc.)
Massachusetts (Sunwave Gas & Power Massachusetts Inc.)
New York (Sunwave Gas & Power NY Inc.)
Ohio (Sunwave USA Holdings Inc., d/b/a Sunwave Gas & Power Ohio Inc.)
Connecticut (Sunwave Gas & Power Connecticut Inc.)
Illinois (Sunwave Gas & Power Illinois Inc.)
Ontario (Sunwave Gas & Power)

Sunwave Gas & Power is a licensed electric and natural gas supplier in the following utility service areas in Ontario, Canada:

St. Thomas Energy Inc.
Bluewater Power Distribution Corporation Thunder Bay Hydro Electricity Distribution Inc.
Brant County Power Inc. Tillsonburg Hydro Inc.
Brantford Power Inc. Toronto Hydro-Electric System Limited
Burlington Hydro Inc. Veridian Connections Inc.
Cambridge and N. Dumfries Hydro Inc. Waterloo North Hydro Inc.
Canadian Niagara Power Inc. Welland Hydro - Electric System Corp.
Centre Wellington Hydro Ltd. West Coast Huron Energy Inc.
Chatham Kent Hydro Westario Power Inc.
Collus PowerStream Whitby Hydro Electric Corp.
Cooperative Hydro Embrun Inc. Woodstock Hydro Services Inc.
Enersource Hydro Mississauga Inc. E.L.K. Energy Inc.
Entegrus Powerlines Inc. Guelph Hydro Electric Systems Inc.
ENWIN Utilities Ltd. Wellington North Power Inc.
Erie Thames Powerlines Corporation Hydro Ottawa Limited
Essex Powerlines Corporation Milton Hydro Distribution Inc.
Festival Hydro Inc. Greater Sudbury Hydro Inc.
Goderich Hydro (West Coast Huron Energy) Renfrew Hydro Inc.
Grimsby Power Incorporated Wasaga Distribution Inc.
Haldimand County Hydro Inc. Hydro One Networks Inc.
Halton Hills Hydro Inc. Kingston Hydro Corporation
Horizon Utilities Corporation PUC Distribution Inc.
Hydro One Brampton Networks

Exhibit B-2 "Experience & Plans,"
Provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

A) Contract disclosure. The rules shall include requirements that an electric utility, electric services company, electric cooperative, or governmental aggregator subject to certification under section 4928.08 of the Revised Code do both of the following:

(1) Provide consumers with adequate, accurate, and understandable pricing and terms and conditions of service, including any switching fees, and with a document containing the terms and conditions of pricing and service before the consumer enters into the contract for service;
(2) Disclose the conditions under which a customer may rescind a contract without penalty.

(B) Service termination. The rules shall include disclosure of the terms identifying how customers may switch or terminate service, including any required notice and any penalties.

(C) Minimum content of customer bills. The rules shall include all of the following requirements, which shall be standardized:
(1) Price disclosure and disclosures of total billing units for the billing period and historical annual usage;
(2) To the maximum extent practicable, separate listing of each service component to enable a customer to recalculate its bill for accuracy;
(3) Identification of the supplier of each service;
(4) Statement of where and how payment may be made and provision of a toll-free or local customer assistance and complaint number for the electric utility, electric services company, electric cooperative, or governmental aggregator, as well as a consumer assistance telephone number or numbers for state agencies, such as the commission, the office of the consumers' counsel, and the attorney general's office, with the available hours noted;
(5) Other than for the first billing after the starting date of competitive retail electric service, highlighting and clear explanation on each customer bill, for two consecutive billing periods, of any changes in the rates, terms, and conditions of service.

(D) Disconnection and service termination, including requirements with respect to master-metered buildings. The rules shall include policies and procedures that are consistent with sections 4933.121 and 4933.122 of the Revised Code and the commission's rules adopted under those sections, and that provide for all of the following:
(1) Coordination between suppliers for the purpose of maintaining service;
(2) The allocation of partial payments between suppliers when service components are jointly billed;
(3) A prohibition against blocking, or authorizing the blocking of, customer access to a noncompetitive retail electric service when a customer is delinquent in payments to the electric utility or electric services company for a competitive retail electric service;
(4) A prohibition against switching, or authorizing the switching of, a customer's supplier of competitive retail electric service without the prior consent of the customer in accordance with appropriate confirmation practices, which may include independent, third-party verification procedures.

(5) A requirement of disclosure of the conditions under which a customer may rescind a decision to switch its supplier without penalty;
(6) Specification of any required notice and any penalty for early termination of contract.

(E) Minimum service quality, safety, and reliability. However, service quality, safety, and reliability requirements for electric generation service shall be determined primarily through market expectations and contractual relationships.

(F) Generation resource mix and environmental characteristics of power supplies. The rules shall include requirements for determination of the approximate generation resource mix and environmental characteristics of the power supplies and disclosure to the customer prior to the customer entering into a contract to purchase and four times per year under the contract. The rules also shall require that the electric utility, electric services company, electric cooperative, or governmental aggregator provide, or cause its billing and collection agent to provide, a customer with standardized information comparing the projected, with the actual and verifiable, resource mix and environmental characteristics. This disclosure shall occur not less than annually or not less than once during the contract period if the contract period is less than one year, and prior to any renewal of a contract.

(G) Customer information. The rules shall include requirements that the electric utility, electric services company, electric cooperative, or governmental aggregator make generic customer load pattern information available to other electric light companies on a comparable and nondiscriminatory basis, and make customer-specific information available to other electric light companies on a comparable and nondiscriminatory basis unless, as to customer-specific information, the customer objects. The rules shall ensure that each such utility, company, cooperative, or aggregator provide clear and frequent notice to its customers of the right to object and of applicable procedures. The rules shall establish the exact language that shall be used in all such notices.

Exhibit B-3 "Disclosure of Liabilities and Investigations

Sunwave USA Holdings Inc., dba Sunwave Gas & Power Ohio Inc. nor its affiliate companies, have any existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

Exhibit C-1 "Annual Reports,"

See Attached Exhibit C-1

Audited Consolidated Financial Statements of

ONEnergy Inc.

As at and for the year ended December 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of ONEnergy Inc. (the "Company") and its subsidiaries and all the information in the Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the *Company's financial position, financial performance and cash flows. Management has prepared the financial* information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements.

Management of the Company is responsible for the internal controls that provides reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of consolidated financial statements and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit and Corporate Governance Committee (the "Audit Committee").

The Audit Committee meets periodically with management, as well as with external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. BDO Canada LLP has full and free access to the Audit Committee.

(Signed) – *Stephen J.J. Letwin*
Stephen J.J. Letwin
Chairman

(Signed) – *Ray de Ocampo*
Ray de Ocampo
Chief Financial Officer

March 9, 2017

Tel: 905 946 1066
Fax: 905 946 9524
www.bdo.ca

BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9 Canada

Independent Auditor's Report

To the Shareholders of
ONEnergy Inc.

We have audited the accompanying consolidated financial statements of ONEnergy Inc., which comprise the consolidated statements of financial position as at December 31, 2016 and December 31, 2015 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholder's equity and cash flows for the years ended December 31, 2016 and December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 consolidated financial statements present fairly, in all material respects, the financial position of ONEnergy Inc. as at December 31, 2016 and December 31, 2015 and its financial performance and its cash flows for the years ended December 31, 2016 and December 31, 2015 in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 13, 2017

ONEnergy Inc.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

As at December 31	Note	**2016**	2015
Assets			
Current assets			
Cash		**$ 2,746**	$ 1,176
Restricted cash	6	**3,240**	2,603
Accounts and other receivables	7	**6,044**	3,749
Inventory		**610**	922
Natural gas delivered in excess of consumption		**187**	329
Prepaid expenses and deposits		**208**	177
Current portion of energy derivatives	24	**518**	18
		13,553	8,974
Assets classified as held for sale	12	**20,105**	17,219
		33,658	26,193
Non-current assets			
Energy derivatives	24	**3**	109
Property and equipment	8	**277**	409
Intangible assets	9	**195**	505
Goodwill	10	**546**	794
Total assets		**$ 34,679**	$ 28,010
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	13	**$ 9,423**	$ 7,181
Payments received in advance of consumption		**144**	248
Credit facility	14	**1,911**	1,088
Advances from Cricket Energy Holdings Inc.	12	**3,808**	-
Current portion of obligation under finance lease		**-**	8
Current portion of energy derivatives	24	**101**	455
		15,387	8,980
Liabilities relating to assets classified as held for sale	12	**11,617**	14,022
		27,004	23,002
Non-current liabilities			
Energy derivatives	24	**111**	243
		27,115	23,245
Shareholders' equity			
Share capital	16	**39,236**	39,477
Contributed surplus		**1,273**	810
Accumulated other comprehensive income		**272**	214
Deficit		**(33,217)**	(35,736)
		7,564	4,765
Total liabilities and shareholders' equity		**$ 34,679**	$ 28,010

Commitments and contingencies (note 22)
The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors:

(Signed) – *David Rattee*
Director

(Signed) – *Stanley H. Hartt*
Director

ONEnergy Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)

Years ended December 31	Note		2016		2015
Continuing Operations					
Revenue	17	$	**36,311**	$	23,065
Cost of sales	17,18		**32,232**		19,357
Gross margin			**4,079**		3,708
Expenses					
Selling	18		**3,764**		3,549
General and administrative	18		**5,043**		4,192
			8,807		7,741
Loss before the undernoted			**(4,728)**		(4,033)
Other gains (expenses)					
Change in fair value of derivative instruments	24		**829**		505
Finance income			**41**		42
Finance cost			**(209)**		(180)
Foreign exchange gain (loss)			**(7)**		2
Impairment loss on assets	8,9,10		**(270)**		(1,476)
Legal settlement	22		**7,175**		-
Income (loss) from continuing operations			**2,831**		(5,140)
Discontinued Operations					
Loss from discontinued operations	12		***(312)***		(4,633)
Total income (loss)			**2,519**		(9,773)
Other comprehensive income					
Unrealized gain on translation of foreign operations			**58**		168
Other comprehensive income			**58**		168
Total comprehensive income (loss)		**$**	**2,577**	$	(9,605)
Income (loss) per share from continuing operations					
Basic and diluted	16	**$**	**0.12**	$	(0.21)
Income (loss) per share attributable to shareholders					
Basic and diluted	16	**$**	**0.11**	$	(0.40)
Weighted average number of shares outstanding					
Basic and diluted (in thousands)	16		**24,059**		24,033

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

ONEnergy Inc.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

	Share capital (note 16)[(1)]				Accumulated other	
	Shares	Amount	Deficit	Contributed surplus	comprehensive income	Shareholders' equity
Balance as at January 1, 2015	23,752	$ 39,225	$ (25,963)	$ 444	$ 46	$ 13,752
Shares issued to acquire PVL Projects (note 11(a))	430	385	-	-	-	385
Share issuance costs	-	(35)	-	-	-	(35)
Net loss for the year	-	-	(9,773)	-	-	(9,773)
Other comprehensive income	-	-	-	-	168	168
Stock compensation (note 16)	-	-	-	302	-	302
Normal course issuer bid purchase of Common Shares (note 16(g))	(60)	(98)	-	64	-	(34)
Balance as at December 31, 2015	**24,122**	**$ 39,477**	**$ (35,736)**	**$ 810**	**$ 214**	**$ 4,765**
Balance as at January 1, 2016	*24,122*	*$ 39,477*	*$ (35,736)*	*$ 810*	*$ 214*	*$ 4,765*
Net income for the year	-	-	2,519	-	-	2,519
Other comprehensive income	-	-	-	-	58	58
Stock compensation (note 16)	-	-	-	282	-	282
Normal course issuer bid purchase of Common Shares (note 16(g))	(147)	(241)	-	181	-	(60)
Balance as at December 31, 2016	**23,975**	**$ 39,236**	**$ (33,217)**	**$ 1,273**	**$ 272**	**$ 7,564**

(1) On May 28, 2015, the Company completed a share consolidation by issuing one new Common Share for every ten then issued and outstanding Common Shares. All share capital, stock option, deferred share unit and per share data in the current and comparative periods have been adjusted to reflect this change. See note 16 for additional information.

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

ONEnergy Inc.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Years ended December 31	Note	2016	2015
Cash flows from the following:			
Operating activities			
Income (loss) from continuing operations		$ **2,831**	$ (5,140)
Items not affecting cash			
Depreciation of property and equipment		**126**	139
Amortization of intangible assets		**305**	522
Change in fair value of energy derivatives	24	**(829)**	(505)
Finance costs		**209**	180
Stock based compensation	16	**282**	302
Impairment loss on assets		**270**	1,476
Other		**2**	(313)
Cash flows provided by operating activities of discontinued operations		**2,211**	1,615
Change in non-cash operating assets and liabilities	19	**266**	2,137
Cash provided by operating activities		**5,673**	413
Investing activities			
Increase in restricted cash		**(637)**	(1,123)
Purchase of equipment		**(11)**	(21)
Purchase of intangible assets		**-**	(68)
Acquisition of PVL, net of cash acquired		**-**	(221)
Cash flows used in investing activities of discontinued operations		**(4,269)**	(2,130)
Cash used in investing activities		**(4,917)**	(3,563)
Financing activities			
Finance costs paid		**(205)**	(174)
Proceeds from credit facility		**24,968**	16,040
Repayments of credit facility		**(24,140)**	(15,782)
Proceeds from advances from Cricket Energy Holdings Inc.		**3,808**	-
Repayment of obligation under finance lease		**(8)**	(32)
Share issuance costs		**-**	(35)
Purchase of Common Shares for cancellation		**(60)**	(34)
Cash flows provided by (used in) financing activities of discontinued operations		**(3,547)**	(3,877)
Cash provided by (used in) financing activities		**816**	(3,894)
Effect of foreign currency translation		**(2)**	439
Increase (decrease) in cash		**1,570**	(6,605)
Cash and cash equivalents, beginning of year		**1,176**	7,781
Cash and cash equivalents, end of year		$ **2,746**	$ 1,176

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

1. Nature of operations

Look Communications Inc. ("Look") was formed on October 31, 1999 under the *Canada Business Corporations Act* ("CBCA"). On July 8, 2013, pursuant to articles of amendment, Look changed its name to ONEnergy Inc. ("ONEnergy"). On July 9, 2013, ONEnergy completed a change-of-business transaction and a concurrent private placement. On May 19, 2015 the Shareholders approved a resolution continuing the Company under the *Business Corporations Act* (Ontario) ("OBCA") and discontinuing the Company under the CBCA. On August 4, 2015, the Company continued under the OBCA.

The consolidated financial statements are comprised of ONEnergy and its wholly owned subsidiaries which include:

(a) Sunwave Gas & Power Inc. ("Sunwave"), Sunwave USA Holdings Inc., Sunwave Gas & Power New York Inc., Sunwave Gas & Power Illinois Inc., Sunwave Gas & Power Massachusetts Inc., Sunwave Gas & Power Connecticut Inc., Sunwave Gas & Power Pennsylvania Inc. and Sunwave Gas & Power Ohio Inc. (collectively referred to as "Gas & Power");
(b) Sunwave Home Comfort Inc. (referred to as "Home Comfort");
(c) 0867893 B.C. Ltd. dba PVL Projects ("PVL"); and
(d) ONEnergy USA Holdings Inc. (formerly Sunwave Home Comfort USA Inc.).

References to the Company and/or its various subsidiaries include ONEnergy, Gas & Power, Home Comfort and PVL. The Company is domiciled in Canada and the address of its registered office is 155 Gordon Baker Road, Suite 301, Toronto, Ontario, Canada M2H 3N5.

ONEnergy operates in the Gas & Power, Home Comfort and Energy Efficiency (as described below) businesses. The Company's Gas & Power business involves the sale of natural gas and electricity in Ontario, and electricity in Connecticut, Pennsylvania, Massachusetts and Ohio, to residential and commercial customers under short or long-term fixed-price, price-protected or variable-priced contracts, under the brand name Sunwave Gas & Power™. The Company's Home Comfort business, under the brand name Sunwave Home Comfort™, owns a portfolio of furnaces, boilers and air conditioners ("HVAC") and water heaters, which are rented to residential customers in Ontario and Alberta, under long-term water heater and HVAC rental programs. In addition, Home Comfort sells and installs HVAC and water heaters directly to residential customers. Home Comfort was classified as held for sale as at December 31, 2016 and December 31, 2015; see note 12. Under its Energy Efficiency business, the Company provides a variety of products and services including high efficiency lighting, commercial HVAC products and services, energy storage (battery) products and services, energy auditing services, energy management software products and services and commercial solar photovoltaic design and construction to help commercial, industrial, manufacturing, retail and institutional clients minimize their energy consumption under the ONEnergy brand.

On May 28, 2015, the Company changed the designation of the Subordinate Voting Shares to Common Shares and exchanged the Multiple Voting Shares on a one-for-one basis into Common Shares. The Company completed a share consolidation issuing one new Common Share for every ten then issued and outstanding Common Shares (note 16(b)). All share capital, stock option, deferred share unit and per share data in the comparative periods have been adjusted to reflect this change.

The Common Shares of the Company are listed on the TSX Venture exchange under the symbol OEG.

These consolidated financial statements were approved for issue by the Board of Directors on March 9, 2017.

2. Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB").

Basis of presentation

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand, except per share amounts. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the initial accounting for business acquisitions and for certain financial assets and liabilities which are stated at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries for which it has the power to govern the financial and operating policies. All material inter-company balances and transactions are eliminated. For any new acquisitions, the results of operations are reflected from the dates of acquisition.

Cash and cash equivalents

Cash and cash equivalents consists of cash with financial institutions. At any time, cash in banks may exceed federally insured limits.

Restricted cash

Restricted cash is pledged as collateral for issued letters of credit and as security for long-term debt. Letters of credit are posted with State regulatory entities, independent system operators, local distribution companies ("LDCs"), or other counterparties as required collateral in order to operate in certain markets or for other financial assurance programs. A portion of the proceeds from long-term debt is held by the lender as a reserve against default.

Accounts receivable

The Company delivers gas and electricity to its customers through LDCs, many of which guarantee amounts due from customers for consumed gas or electricity. Accounts receivable include amounts due for gas or electricity consumed by customers.

The Company collects monthly rental revenue on the HVAC rental directly from customers or through LDCs. Accounts receivable include amounts due for monthly rental payments as defined in the rental contracts.

The Company primarily operates in LDC markets which have purchase of receivables ("POR") programs in place under which the LDCs assume the credit risk associated with the customer billings. Consequently, in these markets, the Company's exposure to credit risk concentration is limited primarily to those LDCs that collect and remit receivables to the Company. For Home Comfort, there are certain LDC markets where POR programs are not in place for its products or services, consequently Home Comfort bills the customer directly and assumes the credit risk associated with customer billings.

The Company delivers and installs high efficiency lighting and other energy efficiency services to customers. Accounts receivable include amounts due for high efficiency lighting and other services delivered to customers.

Inventory

Inventory consists of lighting equipment, HVAC equipment and water heaters. Inventory is stated at the lower of cost and net realizable value with cost being determined on a first-in-first-out basis.

Natural gas delivered in excess of consumption/ Payments received in advance of consumption

Natural gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Property and equipment

Property and equipment are initially recognized at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and capitalized borrowing costs.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

Asset category	Depreciation method	Estimated useful lives
Rental equipment	Straight line	15 years
Computer hardware	Straight line	2-3 years
Office furniture and equipment	Straight line	5 years
Leasehold improvement	Straight line	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

Intangible assets

Intangible assets are initially measured at cost and are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization method and useful life of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected life or pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimate and recorded on a prospective basis. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of income (loss) in selling expense and general and administrative expense.

Intangible assets primarily consist of purchased customer contracts and computer software.

Estimated useful lives are as follows:

Asset category	Amortization method	Estimated useful lives
Customer contracts	Straight line	3 – 15 years
Computer software	Straight line	3 years
Non-compete agreement	Straight line	2 years

Goodwill

Goodwill is measured as the excess of the cost of the business combination over the net fair value of the identifiable assets acquired and liabilities assumed including non-controlling interest. Any negative difference is recognized as a gain directly in the consolidated statement of comprehensive income (loss). If the fair values of the assets, liabilities and non-controlling interest can only be calculated on a provisional basis the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

Goodwill is considered to have an indefinite useful life and is not amortized, but rather is tested annually for impairment. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Leases

As lessee

Leases entered into by the Company as lessee that transfer substantially all the benefits and risks of ownership to the Company are record as finance leases and are included in property and equipment and obligations under finance leases. Obligations under finance lease are reduced by lease payments net of imputed interest. All other leases are classified as operating leases under which lease payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease cost, over the term of the lease.

As lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership are classified as operating leases. Direct costs associated with initializing the operating lease are added to the carrying amount of the rental equipment and recognized over the term of the lease.

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its finite life non-financial assets, including property and equipment and finite life intangible assets to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU"). Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss in the period in which they occur. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss will only be reversed if there will be a change in the assumptions used to determine the asset's recoverable amount since the time the impairment loss was recognized. Where impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit and loss in the period in which they occur.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity" or "other financial liabilities."

All derivative instruments are classified as fair value through profit and loss and are subsequently measured at fair value. Subsequent measurement and recognition of changes in the fair value are recognized in profit or loss.

Financial assets classified as loans and receivables, held-to-maturity and other financial liabilities are subsequently measured at amortized cost using the effective interest method of amortization.

Financial assets classified as available-for-sale are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income ("OCI").

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	*Classification*	*Subsequent Measurement*
Cash	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts and other receivables	Loans and receivables	Amortized cost
Derivative financial assets	Fair value through profit or loss	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payments received in advance of consumption	Other financial liabilities	Amortized cost
Obligations under finance lease	Other financial liabilities	Amortized cost
Credit facility	Other financial liabilities	Amortized cost
Advances from Cricket Energy Holdings Inc.	Other financial liabilities	Amortized cost
Derivative financial liabilities	Fair value through profit or loss	Fair value
Long-term debt	Other financial liabilities	Amortized cost

Transaction costs of financial instruments are capitalized to the carrying amount of the instrument and amortized using the effective interest method, other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of accounts receivable is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of income (loss).

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of income (loss). On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. Revenue is measured at the fair value of the consideration received.

Gas & Power

The transfer of risks and rewards generally coincide with consumption of the commodity by the customer. Revenue is recognized based on consumption used by customers at the agreed prices.

Natural gas delivery is based on estimated customer historical usage and is regularly reconciled to determine if customers consumed more gas than has been delivered or if consumption is less than has been delivered. Gas delivered in excess of consumption by customers is recognized as an asset at the lower of cost and net realizable value. Consumption by customers in excess of gas delivered is recognized as accrued gas payable at amortized cost. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Revenue for electricity is recognized upon consumption of power by the customer. Consumption for a reporting period is estimated based on historical usage rates by that customer at their agreed upon selling price. Upon receipt of customer billing information from the LDC, estimated consumption is reconciled to actual usage, with any change from estimates recorded in a subsequent period.

Home Comfort

Revenue from sales of HVAC equipment is recognized upon installation, when the selling price has been determined, and the ability to collect is reasonably assured. Revenue from the rental of HVAC equipment is recognized straight line based on rental rates over the term commencing from the installation date.

Energy Efficiency

Revenue from sales of Energy Efficiency equipment is recognized upon delivery or installation, when the selling price has been determined, and the ability to collect is reasonably assured.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's US based Gas & Power operations is the US dollar. The functional currency of the Company's Canadian based Gas & Power, Home Comfort and Energy Efficiency operations is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the parent Company's presentation and functional currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss).

Translation of foreign operations

The results and consolidated financial position of all the subsidiary entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income (loss) are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the foreign operations are recorded to other comprehensive income (loss).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Per share amounts

The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares assuming the exercise of stock options and deferred share units, if dilutive.

Share-based compensation plans

Stock option plans

ONEnergy accounts for its share-based options compensation as equity-settled transactions. The cost of share-based options compensation is measured by reference to the fair value at the date on which it was granted. Options awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and ONEnergy's best estimate of the number of shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Deferred share unit plan

Non-executive directors are eligible to receive part or all of their quarterly directorship fees in deferred share units ("DSUs"). DSUs are expensed on the date of grant since they vest immediately, although they are not payable until a director's separation date. DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Company or (iii) a combination of cash and Common Shares in the Company. The DSUs are classified as a liability once vested, and are re-measured to fair value at each reporting date and included in accounts payable and accrued liabilities. Fair value is based on the number of units vested and the underlying price of the Company's shares. The DSUs are governed by the provisions of the Company's Deferred Share Unit Plan.

Equity transaction costs

Transaction costs incurred by the Company in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and

- investments in subsidiaries, branches and associates, and interest in joint ventures where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income (loss). Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

3. Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the consolidated financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments and estimates made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of energy consumed but not yet billed, based on usage data available, multiplied by the current customer average sales price per unit.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including making internally generated adjustments to quoted prices in observable markets and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The estimate includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

In assessing the value of intangible assets, goodwill or other non-financial assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to intangible assets, goodwill and other non-financial assets.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Company.

Acquisition accounting

Management uses judgment to determine whether an acquisition qualifies as an asset acquisition or a business combination by reviewing inputs, processes, and outputs within a transaction. All identifiable assets, liabilities and contingent liabilities acquired are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

4. Accounting standards issued but not yet applied

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

The following is a description of the new standards:

IFRS 9, *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model where the basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. Management is currently assessing the impact of this standard on the consolidated financial statements

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"): In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programs. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17, Leases. This Standard requires revenue to be recognized in a method that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

i. Identify the contract with a customer;

ii. Identify the performance obligations in the contract;

iii. Determine the transaction price;

iv. Allocate the transaction price to the performance obligations in the contract; and

v. Recognize revenue when each performance obligation is satisfied.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfilment costs.

Management's preliminary assessment that the application of the new standard may have an impact on the reported results, including specifically the treatment of acquiring customer contracts. The treatment of costs incurred in acquiring customer contracts will be impacted as IFRS 15 requires certain contract acquisition costs (such as sales commissions) to be recognized as an asset and amortized into operating expenses over time. Currently, these costs are expensed as incurred.

This standard is effective for annual periods beginning on or after January 1, 2018 and is required to be applied retrospectively.

IFRS 16, *Leases* ("IFRS 16"): In January 2016, the IASB issued IFRS 16 which supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will present the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019.

Management is assessing the impact of this standard on the consolidated financial statements. However, management believes that the result will be a significant increase to assets and liabilities, as the Company is required to record a right-of-use asset and a lease liability on the Consolidated Statement of Financial Position for its operating leases. Management also believes there will be a decrease in operating costs due to the reduction of operating lease expense, an increase in finance costs, due to the accretion of the lease liability, and an increase in depreciation and amortization, due to the amortization of the right-of-use asset.

5. Seasonality

The customers of Gas & Power typically consume more natural gas during the winter months than the summer months and while they typically consume more electricity during the summer months electricity consumption is subject to less seasonality than natural gas. The combined impact of natural gas and electricity consumption seasonality on the results of the Company is that revenue and cost of sales will be typically higher in the quarters ended December 31 and March 31.

6. Restricted cash

Restricted cash includes cash where availability of funds is restricted by debt arrangements:

- The Company has deposits of $2,993 at December 31, 2016 (December 31, 2015 – $2,195) held as collateral to support letters of credit issued by the Company and as financial assurance against our operations in certain U.S. and Canadian markets.
- The Company has cash of $247 at December 31, 2016 (December 31, 2015 - $408) that is pledged as collateral against energy purchases and other obligations under its commodity supply and credit facility agreement with Shell Energy North America (Canada) Inc. and Shell Energy North America (US), L.P. (collectively "Shell Energy").

(In thousands of Canadian dollars, except per share amounts)

7. Accounts and other receivables

Accounts and other receivables are set out in the following table:

As at December 31	2016	2015
Trade receivables	$ 3,188	$ 2,126
Unbilled receivables	2,734	1,487
Other receivables	122	136
Total	$ 6,044	$ 3,749

8. Property and equipment

As at December 31, 2016

	Rental equipment	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost					
Balance at January 1, 2016	$ -	$ 102	$ 176	$ 413	$ 691
Additions	5,118	-	-	11	5,129
Disposal	-	-	-	(6)	(6)
Impairment loss on assets	-	-	-	(17)	(17)
Transfer to assets classified as held for sale (note 12)	(5,118)	-	-	-	(5,118)
Balance at December 31, 2016	-	**102**	**176**	**401**	**679**
Accumulated depreciation					
Balance at January 1, 2016	-	88	84	110	282
Depreciation	-	9	47	70	126
Disposal	-	-	-	(6)	(6)
Balance at December 31, 2016	-	**97**	**131**	**174**	**402**
Net book value					
As at December 31, 2016	**$ -**	**$ 5**	**$ 45**	**$ 227**	**$ 277**

(In thousands of Canadian dollars, except per share amounts)

As at December 31, 2015

	Rental equipment	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost					
Balance at January 1, 2015	$ 13,481	$ 101	$ 172	$ 397	$ 14,151
Additions	3,422	1	4	16	3,443
Disposal	(1,027)	-	-	-	(1,027)
Transfer to assets classified as held for sale (note 12)	(15,876)	-	-	-	(15,876)
Balance at December 31, 2015	**-**	**102**	**176**	**413**	**691**
Accumulated depreciation					
Balance at January 1, 2015	577	72	39	30	718
Depreciation	943	16	45	80	1,084
Disposal	(123)	-	-	-	(123)
Transfer to assets classified as held for sale (note 12)	(1,397)	-	-	-	(1,397)
Balance at December 31, 2015	**-**	**88**	**84**	**110**	**282**
Net book value					
As at December 31, 2015	**$ -**	**$ 14**	**$ 92**	**$ 303**	**$ 409**

9. Intangible assets

As at December 31, 2016

	Customer contracts	Computer software	Non-compete agreement	Total intangible assets
Cost				
Balance at January 1, 2016	$ 919	$ 204	$ 25	$ 1,148
Disposals, retirements and other	-	-	(20)	(20)
Impairment loss on assets	-	-	(5)	(5)
Balance at December 31, 2016	**919**	**204**	**-**	**1,123**
Accumulated amortization				
Balance at January 1, 2016	546	89	8	643
Amortization	221	72	12	305
Disposals, retirements and other	-	-	(20)	(20)
Balance at December 31, 2016	**767**	**161**	**-**	**928**
Net book value				
As at December 31, 2016	**$ 152**	**$ 43**	**$ -**	**$ 195**

(In thousands of Canadian dollars, except per share amounts)

As at December 31, 2015

	Customer contracts	Computer software	Non-compete agreement	Total intangible assets
Cost				
Balance at January 1, 2015	$ 7,127	$ 136	$ -	$ 7,263
Acquisition (note 11(a))	-	-	25	25
Additions	-	68	-	68
Disposals, retirements and other	(250)	-	-	(250)
Impairment loss on assets(1)	(1,476)	-	-	(1,476)
Transfer to assets classified as held for sale (note 12)	(4,482)	-	-	(4,482)
Balance at December 31, 2015	**919**	**204**	**25**	**1,148**
Accumulated amortization				
Balance at January 1, 2015	586	26	-	612
Amortization	708	63	8	779
Disposals, retirements and other	(250)	-	-	(250)
Transfer to assets classified as held for sale (note 12)	(498)	-	-	(498)
Balance at December 31, 2015	**546**	**89**	**8**	**643**
Net book value				
As at December 31, 2015	**$ 373**	**$ 115**	**$ 17**	**$ 505**

(1) On November 18, 2014, the Company acquired customer contracts from 2289274 Ontario Limited, which operates as AVACOS Clean Energy ("AVACOS") for share consideration of 1,097 Multiple Voting Shares and 1,542 Subordinate Voting Shares, valued at $1,726. AVACOS is a Toronto, Ontario-based provider of energy generation and energy efficiency products and services including LED lighting retrofits, commercial solar photovoltaic power generation system design and installation, and building envelope upgrades. The customer contracts are being amortized over a period of 7.5 years. During the year ended December 31, 2015 the acquired contracts were either terminated by the customer or determined to have a nominal value in use. An impairment loss of $1,476 was recognized during the year ended December 31, 2015 to reduce the carrying amount of the acquired contracts to $NIL.

10. Goodwill

Cost	
Balance at January 1, 2015	$ 2,155
Acquisition of PVL Projects (note 11(a))	246
Transfer to assets classified as held for sale (note 12)	(1,607)
Balance at December 31, 2015	**794**
Impairment loss on assets	(248)
Balance at December 31, 2016	**$ 546**

11. Acquisitions

(a) Acquisition of PVL Projects

On April 30, 2015, the Company acquired all the issued and outstanding shares of 0867893 B.C. Ltd. operating as PVL Projects ("PVL") for total consideration of $698 satisfied by the issuance of 225 Multiple Voting Shares and 205 Subordinate Voting Shares of the Company and $313 in cash. PVL, which is based in Vancouver, British Columbia, is a provider of retrofit high efficiency lighting solutions for commercial and industrial customers including demanding applications for ports, aircraft maintenance facilities, arenas and gymnasiums, warehouses, offices and general industrial facilities.

(In thousands of Canadian dollars, except per share amounts)

The acquisition of PVL was accounted for using the purchase method of accounting in accordance with IFRS 3 with the results of operations consolidated with those of the Company effective April 30, 2015 and contributed incremental revenue from continuing operations of $482 and loss from continuing operations of $260 for the year ended December 31, 2015. Management estimates that if the acquisition of PVL had taken place at the beginning of the fiscal year, the consolidated revenue from continuing operations and loss from continuing operations for the year ended December 31, 2015 would have been $24,709 and $5,145, respectively. Transaction costs of $20 related to the acquisition of PVL have been expensed and are included in general and administrative expenses in the consolidated statement of income (loss).

The Company allocated the purchase price to the net identified assets and liabilities acquired based on their fair values at the time of the acquisition as follows:

Purchase price		
Cash consideration	$	313
Share consideration		385
	$	**698**
Fair value recognized on acquisition		
Current assets	$	669
Current liabilities		(242)
Non-compete agreement		25
Goodwill		246
	$	**698**

Goodwill comprised the value of PVL's workforce and management team while intangible asset is comprised of the value of non-compete agreements with PVL's former shareholders. The non-compete agreement is being amortized over a period of 2 years. None of the goodwill recognized is expected to be deductible for tax purposes.

The acquired assets, including tangible assets and goodwill, are included in the Company's Energy Efficiency business.

The purchase price allocation has been finalized.

12. Discontinued operations

In December 2015 the Company formally commenced the process to sell Home Comfort. Home Comfort has been operating in a highly competitive environment which has seen its major competitors consolidate, making it difficult for management to derive real growth and profitability from the segment. As a result, management has decided this is a non-core business. At December 31, 2016 and December 31, 2015 Home Comfort was classified as held for sale and as a discontinued operation.

During 2015, the Company reviewed a number of proposals to acquire Home Comfort. In December 2015, Cricket Energy Holdings Inc. ("Cricket") expressed an interest in acquiring Home Comfort. As an indication of their interest, Cricket advanced $3,808 in cash and working capital support during the year ended December 31, 2016. The advances carry no interest and are repayable on demand. The balance outstanding as at December 31, 2016 was $3,808 (December 31, 2015 - $NIL). On March 9, 2017, the Company entered into a letter of intent ("LOI") with Cricket for the sale of Home Comfort. Upon closing of the sale of Home Comfort, the Company will deliver a promissory note to Cricket for the advances. See note 25 for more information.

(In thousands of Canadian dollars, except per share amounts)

The results of Home Comfort for the year are presented below:

Years ended December 31	2016	2015
Revenue	$ 2,745	$ 2,929
Cost of sales	71	998
Gross margin	2,674	1,931
Expenses		
Selling	79	814
General and administrative	385	702
	464	1,516
Income before the undernoted	2,210	415
Other gains (expenses)		
Finance income	1	-
Finance cost	(1,156)	(1,372)
Gain on disposal of equipment	233	317
Foreign exchange loss	-	(2)
Impairment loss recognized on the remeasurement to estimated fair value less costs to sell	(1,600)	(3,991)
Loss from discontinued operations	$ (312)	$ (4,633)
Loss per share from discontinued operations		
Basic and diluted	$ (0.01)	$ (0.19)

Deferred tax assets have not been recognized for the following:

Years ended December 31	2016	2015
Non-capital tax loss carry-forwards	$ 441	$ 724
Other	464	102
	$ 905	$ 826

Unrecognized losses available for carryforward will expire in the taxation years ending December 31 as follows:

Year	Amount
2032	1,186
2033	119
2034	359
	$ 1,664

(In thousands of Canadian dollars, except per share amounts)

The major classes of assets and liabilities of Home Comfort classified as held for sale are as follows:

As at December 31		**2016**		2015
Assets				
Current assets				
Restricted cash	**$**	**867**	$	761
Accounts and other receivables		**352**		336
Inventory		**11**		37
Prepaid expenses and deposits		**-**		6
		1,230		1,140
Non-current assets				
Property and equipment		**18,875**		14,479
Intangible assets		**-**		1,600
Assets classified as held for sale	**$**	**20,105**	$	17,219
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**52**	$	66
Current portion of long-term debt (note 15)		**1,934**		1,824
		1,986		1,890
Non-current liabilities				
Long-term debt (note 15)		**9,631**		12,132
Liabilities directly associated with assets classified as held for sale	**$**	**11,617**	$	14,022

Following the classification as discontinued operations, an impairment loss of $1,600 was recognized during the year ended December 31, 2016 (2015 - $3,991) to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This was recognized in discontinued operations in the statement of income (loss).

13. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are set out in the following table:

As at December 31		**2016**		2015
Accounts payable	**$**	**1,572**	$	2,488
Accrued liabilities		**7,851**		4,504
Accrued restructuring liabilities (1)		**-**		189
Total	**$**	**9,423**	$	7,181

(1) During fiscal 2009, the Company sold its spectrum and broadcast license, initiated a Plan of Arrangement under the *Canada Business Corporations Act* (Section 192) and, up to November 30, 2010, expensed all associated costs to restructuring charges. Costs associated with the $7,175 legal settlement recognized during the year were applied against the accrued restructuring liabilities. See note 22(b) for additional information.

14. Credit facility

On November 20, 2013, Gas & Power entered into agreements with Shell Energy under which Shell Energy will supply energy, credit support, and environmental commodities to Gas & Power in multiple North American natural gas and power retail markets.

The commodity supply agreements allow for Shell Energy to provide Gas & Power with wholesale electricity, natural gas, carbon offsets, and renewable energy credits in Canada and six US states, namely Connecticut, New York, Pennsylvania, Illinois, Massachusetts and Ohio. The agreements can be further expanded to cover additional states as Gas & Power moves into additional deregulated markets for natural gas and electricity.

Under the credit facility agreements Shell Energy has provided Gas & Power credit arrangements for its Canadian and U.S. operations. Under the Canadian revolving credit facility Shell Energy provides Gas & Power with advances of up to $1,000 for commodity purchases and financial derivatives and related services. Interest is payable on outstanding advances at 4% plus the greater of: (i) 3% or (ii) LIBOR. Under the U.S. revolving credit and collateral credit facilities Shell Energy provides Gas & Power with advances of up to US$15,000 for commodity purchases, certain working capital uses, collateral security support and financial derivatives and related services. Interest is payable on outstanding advances under the revolving credit facility at 4% plus the greater of: (i) 3% or (ii) LIBOR, and under the collateral credit facility at 4% plus the greater of: (i) 4% or (ii) LIBOR. On December 31, 2016, LIBOR was 1.00% (December 31, 2015 – 0.61%). An additional interest rate penalty of 0.50% applies to all facilities in the event that Gas & Power were to be in default of certain financial covenants. Interest is repayable in the month following the month that advances were made. Principal on the revolving credit facility is repayable in the month following the month that advances were made. Principal on the collateral credit facility is repayable by November 20, 2018. No further advances can be made after November 20, 2018.

The agreements are secured by a general security agreement and a pledge of Gas & Power's assets and subject to certain covenant restrictions.

As at December 31, 2016, Gas & Power had $1,911 (US$1,423) (December 31, 2015 - $1,088) outstanding under the U.S. collateral credit facility and $NIL (December 31, 2015 - $NIL) outstanding under the U.S. revolving credit facility. In 2015 and 2016, no advances were drawn on the Canadian credit facilities. Under the U.S. credit facilities, amounts are available in US$5,000 tranches depending on monthly delivered volumes. As at December 31, 2016, a total of US$5,000 (December 31, 2015 – US$5,000) was available to be drawn on these facilities. Under the Canadian credit facilities, a total of $1,000 (December 31, 2015 - $1,000) was available to be drawn. As at December 31, 2016, Gas & Power was non-compliant with a single covenant in the Shell credit agreements. An additional interest rate penalty of 0.5% is applied until Gas & Power becomes compliant with this covenant. Interest is provided at 8.0% per annum on the collateral credit facility plus an interest penalty of 0.5%; and at 7.0% per annum on the revolving credit facility plus an interest penalty of 0.5%.

As partial consideration for entering into the agreements above, Gas & Power has agreed to provide Shell Energy with a "participation" payment based upon the performance of Gas & Power during the term of the agreements. A participation payment is payable to Shell Energy upon Gas & Power reaching certain milestones such as customer count thresholds, an acquisition of control of Gas & Power, a disposition of Gas & Power's assets or a material public share issuance by Gas & Power or the Company. The payment is based on a certain percentage of Gas & Power's equity value at the time of the triggering event. The payment, if and when triggered, is a one-time event. For clarity, the calculation of the payment is based on Gas & Power's equity value at the time of the triggering event, and not upon the equity value of the Company. Given that various events could result in the achievement of triggering milestones, and that the milestones that would trigger a payment may occur at any point over the life of the agreements, as at December 31, 2016 and December 31, 2015 management does not believe it is reasonably possible to estimate either the timing or the amount of such participation payment. No amount for a participation payment to Shell Energy has been accrued as at December 31, 2016 and December 31, 2015.

15. Long-term debt

As at December 31	2016	2015
Equipment financing		
Principal	$ **11,541**	$ 13,927
Accrued Interest payable	**24**	29
	11,565	13,956
Less: transfer to liabilities relating to assets classified as held for sale (note 12)	**(11,565)**	(13,956)
	$ **-**	$ -

The Company finances the cost of rental equipment over a period of seven to ten years. The loans bear interest at rates of 8.9% per annum. Principal and interest are repayable on a monthly basis. The lender retains a portion of the financing proceeds as security ("financing reserve"). This financing reserve is currently at $673 (December 31, 2015 - $749) and is included in assets classified as held for sale. The financing reserve becomes available to the Company as the debt is repaid. The loans are secured by the rental contracts and the rental equipment that is financed. The loans have been reclassified to liabilities relating to assets held for sale.

16. Share capital

(a) Authorized

Unlimited Preference Shares – non-voting, issuable in series. The number of shares under each series, designation, privileges, restrictions and conditions attaching thereto to be determined by the Board of Directors prior to issue. No such shares are issued and outstanding.

Unlimited Common Shares - voting, entitled to one vote per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company.

(b) Capital reorganization and share consolidation

On May 28, 2015, the Company changed the designation of the Subordinate Voting Shares to Common Shares and exchanged the Multiple Voting Shares on a one-for-one basis into Common Shares ("Capital Reorganization"). The Company completed a share consolidation by issuing one new Common Share for every ten then issued and outstanding Common Shares ("Share Consolidation"). All share capital, stock option, deferred share unit and per share data in the comparative periods have been adjusted to reflect this change.

(c) *Issued and outstanding*

Shares (in thousands)	Common Shares (1)		Multiple Voting Shares (1)		Total
Balance, as at January 1, 2015	12,656	$ 20,420	$ 11,096	$ 18,805	$ 39,225
Issued by the Company to acquire PVL (note 11(a))	205	205	225	180	385
Capital reorganization (note 16(b))	11,321	18,985	(11,321)	(18,985)	-
Share issuance costs	-	(35)	-	-	(35)
Normal course issuer bid purchase of Common Shares (note 16(g))	(60)	(98)	-	-	(98)
Balance, as at December 31, 2015	**24,122**	**$ 39,477**	**$ -**	**$ -**	**$ 39,477**
Normal course issuer bid purchase of Common Shares (note 16(g))	(147)	(241)	-	-	(241)
Balance, as at December 31, 2016	**23,975**	**$ 39,236**	**$ -**	**$ -**	**$ 39,236**

(1) Adjusted to reflect the Share Consolidation.

(d) Stock option plans

On July 9, 2013, the Board approved the 2013 Stock Option Plan ("2013 Plan") and terminated the 2002 Stock Option Incentive Plan. On May 28, 2015, the 2013 Plan was adjusted to reflect the effects of the Capital Reorganization and Share Consolidation (note 16(b)). The objective of the 2013 Plan is to provide directors, officers and employees of, and service providers to, the Company with a proprietary interest through the granting of options to purchase Common Shares of the Company. These groups are primarily responsible for the management, growth and protection of the business of the Company. Under the 2013 Plan, the Board may grant options provided that the total number of shares issued under the 2013 Plan does not exceed 2,111. The exercise price of the options is determined by the Board at the time of the grant of an option, but cannot be lower than the market price of the Company's shares on the TSX Venture Exchange ("Exchange") on the business day immediately preceding the day on which an option is granted, less any permissible discount under the policies of the Exchange. The options vest over a four- or five-year period and the maximum period during which an option may be exercised is 10 years from the date on which it is granted.

The Company did not grant any options to purchase Common Shares in the capital of the Company to employees during 2016.

The following table reflects the options outstanding under the 2013 Plan:

	Weighted average remaining contractual life	Number of options (in thousands) [(1)]	Weighted average exercise price
Outstanding as at January 1, 2015	8.81	1,843	$ 1.32
Granted		235	0.79
Forfeited		(168)	1.02
Outstanding as at December 31, 2015	7.84	1,910	1.29
Granted		-	-
Forfeited		(1,177)	1.34
Outstanding as at December 31, 2016	**7.01**	**733**	**$ 1.20**
Exercisable as at December 31, 2015	7.84	809	1.37
Exercisable as at December 31, 2016	**6.99**	**486**	**$ 1.24**

(1) Adjusted to reflect the Capital Reorganization and Share Consolidation (note 16(b)).

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the year ended December 31, 2016. The fair value of options issued during the year ended December 31, 2015 was determined using the following weighted average assumptions: risk-free interest rate of 0.99%-1.44%; expected volatility of 80%; expected life of 10 years; and an expected dividend yield of NIL. The weighted average grant date fair value of options was $0.79 for the year ended December 31, 2015.

(e) Earnings (loss) per share

Years ended December 31	**2016**	2015 [(1)]
Income (loss) from continuing operations	**$ 2,831**	$ (5,140)
Income (loss) attributable to shareholders	**$ 2,519**	$ (9,773)
Weighted average number of shares outstanding (in thousands)	**24,059**	24,033
Basic and diluted earnings (loss) per share from continuing operations	**$ 0.12**	$ ($0.21)
Basic and diluted earnings (loss) per share attributable to shareholders	**$ 0.11**	$ ($0.40)

(1) Adjusted to reflect the Capital Reorganization and Share Consolidation (note 16(b)).

Basic earnings (loss) per share is calculated by dividing the total income (loss) by the weighted average number of shares outstanding during the period. Outstanding stock options, as at December 31, 2016, of 733 (December 31, 2015 – 1,910) and Deferred Share Units ("DSUs"), as at December 31, 2015, of 133 have not been factored into the calculation as they are considered anti-dilutive. DSUs of 344, as at December 31, 2016, have been factored into the calculation

(f) Deferred share unit plan

On May 28, 2015, the DSU Plan was amended to reflect the effects of the Capital Reorganization and Share Consolidation (note 16(b)).

During 2016, the Company awarded 211 DSUs to non-executive directors. These DSUs vest immediately and expire between January 2026 and December 2026.

DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Company or (iii) a combination of cash and Common Shares in the Company.

	Deferred share unit (in thousands) (1)	Weighted average grant price (1)
Outstanding as at January 1, 2015	26	$ 0.50
Granted	107	0.59
Outstanding as at December 31, 2015	133	0.57
Granted	211	0.40
Outstanding as at December 31, 2016	**344**	**$ 0.47**

(1) Adjusted to reflect the Capital Reorganization and Share Consolidation (note 16(b)).

During the year ended December 31, 2016 the Company recorded compensation expense of $89 (2015 - $27) related to the DSUs granted. As at December 31, 2016, a liability of $129 (December 31, 2015 - $40) related to the DSUs granted is included in accrued liabilities (note 13).

(g) Purchase of shares for cancellation pursuant to normal course issuer bid

On October 7, 2015 the Company announced its intention to make a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,209 of its Common Shares from October 12, 2015 to October 7, 2016 through the facilities of the TSX Venture Exchange ("Exchange"). During the year ended December 31, 2016 the Company purchased 147 (2015 – 60) Common Shares for cancellation through the facilities of the Exchange pursuant to the NCIB. The excess of the average stated value over the purchase price of shares purchased for cancellation is credited to contributed surplus. The Company ceases to consider shares outstanding on the date of purchase of the shares, although the actual cancellation of the shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter. The NCIB expired on October 7, 2016 and was not renewed by the Company.

17. Segment disclosure

For the year ended December 31, 2016, the Company reports operations in two reportable segments: Gas & Power and Home Comfort. The Company has chosen to organize the entity around differences in products and service. Substantially all of its revenue for the year ended December 31, 2016 was derived from these two business segments. The balance of revenue was derived from the Energy Efficiency business which does not meet the quantitative thresholds to be disclosed as a separate reportable segment. The revenue for the Energy Efficiency business is disclosed under Corporate & Others.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The Company is not considered to have any key customers.

(In thousands of Canadian dollars, except per share amounts)

For the year ended December 31, 2016

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 34,609	$ -	$ 1,702	$ 36,311
Cost of sales	30,844	-	1,388	32,232
Gross margin	3,765	-	314	4,079
Selling	2,132	-	1,632	3,764
General and administrative	2,456	-	2,587	5,043
Loss before the undernoted	(823)	-	(3,905)	(4,728)
Change in fair value of derivative instruments	829	-	-	829
Finance income	10	-	31	41
Finance cost	(198)	-	(11)	(209)
Foreign exchange loss	-	-	(7)	(7)
Impairment loss on assets	-	-	(270)	(270)
Legal settlement	-	-	7,175	7,175
Income (loss) from continuing operations	(182)	-	3,013	2,831
Discontinued operations	-	(312)	-	(312)
Income (loss) for the year	**$ (182)**	**$ (312)**	**$ 3,013**	**$ 2,519**

For the year ended December 31, 2015

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 21,906	$ -	$ 1,159	$ 23,065
Cost of sales	18,540	-	817	19,357
Gross margin	3,366	-	342	3,708
Selling	1,857	-	1,692	3,549
General and administrative	1,531	-	2,661	4,192
Loss before the undernoted	(22)	-	(4,011)	(4,033)
Change in fair value of derivative instruments	505	-	-	505
Finance income	3	-	39	42
Finance cost	(173)	-	(7)	(180)
Foreign exchange gain (loss)	9	-	(7)	2
Impairment loss on assets	-	-	(1,476)	(1,476)
Income (loss) from continuing operations	322	-	(5,462)	(5,140)
Discontinued operations	-	(4,633)	-	(4,633)
Income (loss) for the year	**$ 322**	**$ (4,633)**	**$ (5,462)**	**$ (9,773)**

Geographic information

Revenue from continuing operations from external customers:

Years ended December 31	**2016**	2015
Canada	**$ 4,830**	$ 4,756
United states	**31,481**	18,309
	$ 36,311	$ 23,065

Non-current assets

Non-current assets consist of energy derivatives, property and equipment, intangible assets and goodwill. The energy derivatives and a portion of goodwill are held in the U.S. All other non-current assets are held in Canada.

(In thousands of Canadian dollars, except per share amounts)

18. Expenses

Years ended December 31		2016		2015
Cost of gas and electricity	$	**30,844**	$	18,540
Cost of equipment sales		**1,388**		817
Selling cost		**1,004**		812
Personnel		**4,638**		3,825
Professional fees		**1,058**		864
Litigation costs (note 22(b))		**102**		464
Occupancy		**342**		198
Office and other expenses		**1,232**		917
Depreciation and amortization		**431**		661
	$	**41,039**	$	27,098

Years ended December 31		2016		2015
Reported as				
Cost of sales	$	**32,232**	$	19,357
Selling		**3,764**		3,549
General and administrative		**5,043**		4,192
	$	**41,039**	$	27,098

19. Supplemental cash flow information

Change in non-cash operating assets and liabilities consist of the following:

Years ended December 31		2016		2015
Accounts and other receivables	$	**(2,295)**	$	(1,156)
Inventory		**312**		(446)
Natural gas delivered in excess of consumption		**142**		(153)
Prepaid expenses and deposits		**(31)**		107
Accounts payable and accrued liabilities		**2,242**		3,804
Payments received in advance of consumption		**(104)**		(19)
	$	**266**	$	2,137

The consolidated statements of cash flows exclude the following non-cash transactions:

Years ended December 31		2016		2015
Shares issued as consideration in PVL acquisition (note 11(a))		**-**		385
	$	**-**	$	385

20. Related party transactions

Compensation of key management personnel

The Company's key management personnel are comprised of the Board of Directors and officers of the Company.

Years ended December 31		2016		2015
Salaries, bonuses, fees, separation payments and short-term employee benefits	$	**1,353**	$	1,341
Stock-based compensation		**335**		327
	$	**1,688**	$	1,668

(In thousands of Canadian dollars, except per share amounts)

21. Income taxes

The provision for income taxes differs from the results that would be obtained by applying consolidated Canadian Federal, Provincial (Ontario), U.S. Federal and State statutory income tax rates to profit or loss from continuing operations before income taxes.

This difference results from the following:

Years ended December 31		**2016**		2015
Income (loss) from continuing operations before income taxes	**$**	**2,831**	$	(5,140)
Statutory income tax rate		**26.5%**		26.5%
Income tax expense (recovery) at combined Federal and Provincial rates	**$**	**750**	$	(1,362)
Increase (decrease) in income tax resulting from:				
Non-deductible expenses		**167**		202
Change in unrecognized deferred tax assets		**(1,085)**		598
Variance between Canadian & U.S. tax rate applicable to U.S earnings and other		**168**		562
Income tax expense	**$**	**-**	$	-

Deferred tax assets have not been recognized for the following:

Years ended December 31		**2016**		2015
Non-capital tax loss carry-forwards	**$**	**45,038**	$	46,499
Other		**407**		31
	$	**45,445**	$	46,530

Deferred taxes, in respect of the Company's loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Company has the following Federal non-capital income tax losses from continuing operations, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2028	5,922
2029	115,583
2030	5,748
2031	19,992
2032	4,133
2033	5,428
2034	8,024
2035	3,295
	$ 168,125

22. Commitments and contingencies

(a) Commitments

The minimum payments required under the terms of non-cancellable operating leases are as follows:

December 31, 2016

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 207	$ 598	$ -	**$ 805**
Non-cancellable sublease	(171)	(340)	-	**(511)**
	$ 36	**$ 258**	**$ -**	**$ 294**

(In thousands of Canadian dollars, except per share amounts)

December 31, 2015

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 198	$ 776	$ 29	**$ 1,003**
Non-cancellable sublease	(135)	(393)	-	**(528)**
	$ 63	**$ 383**	**$ 29**	**$ 475**

(b) Contingencies

(i) Statement of Claim against certain former directors and officers of Look:

On July 6, 2011, the Company issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and certain former officers of Look in connection with the payment of approximately $20,000 of "restructuring awards" accrued in fiscal 2009 and paid during the first quarter of fiscal 2010 (the "Sale Awards"), of which approximately $15,700 was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64,000 realized by the Company on the sale of its spectrum license in 2009. The former officers and directors named in the Claim collectively resigned effective July 21, 2010.

The Company also issued a Statement of Claim against McMillan LLP ("McMillan") on August 20, 2012 (the "McMillan Claim"). The McMillan Claim seeks recovery of the advances paid in June of 2010 in the amount of $1,550, which were paid to McMillan and other law firms before the former directors and officers resigned on July 21, 2010.

On October 14, 2015 the Company reached a conditional settlement (the "Proposed Settlement"), subject to Court approval, with certain defendants to the Claim. On November 18, 2015, the Company reached a conditional settlement with McMillan ("McMillan Settlement") that is contingent on the Court approval of the Proposed Settlement. The Court convened to review the proposal on November 19, 2015, however did not issue a decision on the Proposed Settlement and did not schedule a new trial date. On March 1, 2016, the Ontario Superior Court of Justice released a decision approving the Proposed Settlement by which the Company will recover, along with the McMillan Settlement, a total of $7,175. The Company received the funds on April 1, 2016, following a 30 day appeal period.

The Proposed Settlement does not include the Company's former CEO Gerald McGoey and his personal service company Jolian Investments Limited (collectively the "McGoey Defendants"). The Claim against the McGoey Defendants will be limited to their proportionate and several liability for up to a maximum of $5,600 (being the amounts they received from the Company) plus the McGoey Defendants' proportionate and several share of amounts paid by the Company as advances to law firms for the payment of legal fees and expenses. The Company will continue to vigorously pursue this Claim against the McGoey Defendants. The Court has scheduled the action for a trial beginning April 10, 2017.

(ii) Proceedings under the Ontario Consumer Protection Act:

In December 2016 the Ontario Ministry of Government and Consumer Services (the "Ministry") laid 16 charges against Home Comfort, 16 charges against two current directors of Home Comfort, and 2 charges against a current employee of Home Comfort, alleging breaches of the Consumer Protection Act, 2002 (Ontario). The Ministry alleges that Home Comfort engaged in unfair practices by making misrepresentations to consumers, that it failed to refund payments to consumers within 15 days of notice of cancellation of a consumer agreement, and failed to provide either consumer agreements or disclosure statements containing all required information to consumers. The directors are alleged to have failed to have taken reasonable care to prevent Home Comfort from committing the offences.

The charges against Home Comfort are punishable by a maximum fine of $250,000 per count. The maximum fine to which the directors and employee are subject is $50,000 per count. Home Comfort is currently reviewing the allegations and disclosure made by the Ministry and at this time is unable to reasonably evaluate the extent of its potential financial exposure, if any. No date has been set for the trial of any of the charges.

All of the offences are alleged to have occurred during the period between September 2014 and April 2015, inclusive, and relate to the sale of heating, ventilation and air conditioner products to consumers at their homes. Home Comfort no longer utilizes the door to door business model.

(iii) In the normal course of its operations, the Company may be subject to other litigation and claims.

(iv) The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

(v) Gas & Power is subject to a participation payment to Shell Energy (note 14) upon certain triggering events occurring.

23. Management of capital

The Company's overall strategy with respect to management of capital is to maintain financial flexibility to support profitable growth and expansion into new markets. ONEnergy considers capital to be primarily cash, credit facility, long-term debt and shareholders' equity.

The Company invests its capital in high-return bank accounts to obtain adequate returns; targeted asset acquisitions and new infrastructure to support expansion into new markets. During 2016 and 2015, the Company used a combination of cash, credit facility financing, long-term debt financing, issuance of shares and grants of stock compensation to meet its investment strategy. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

24. Financial instruments and risk management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies by the Company's management. Periodically throughout the year, the Board of Directors receive reports from the Company's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company's activities expose it to a variety of market risks, principally from fluctuating commodity prices in Gas & Power. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. The Company maintains commodity risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated fluctuations in earnings caused by market price volatility. Further details regarding these policies are set out below.

Risk management

The main risks arising from the Company's financial instruments are commodity pricing and mark-to-market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposure that occur in the normal course of business and are managed on a consolidated basis.

Commodity pricing and mark-to-market risk

The Company purchases both physical energy commodities, such as natural gas, and financially settled energy instruments such as electricity swap contracts. These commodity products are subject to market fluctuations based upon market supply and demand for such products. The Company experiences fluctuations in the unrealized valuation of its contracts to purchase energy commodities. The Company is also subject to cancellations by customers that may leave the Company with an excess of commodity supply, which may have to be sold into the open market at an indeterminate price. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company.

(In thousands of Canadian dollars, except per share amounts)

The fair values of the Company's financial instruments are significantly influenced by the variability of forward spot prices for electricity and natural gas. Period to period changes in forward spot prices could cause significant changes in the mark to market valuation ("MTM valuation") of these contracts. If forward spot prices increased by 10%, income for the year would have been $1,436 higher, whereas if forward spot prices decreased by 10%, income for the year would have been $1,434 lower, primarily as a result of the change in fair value of the Company's derivative instruments.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and accounts and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

The LDCs provide billing & collection services and assume the risk of any bad debts from customers for a fee. Therefore, the Company receives the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. For Home Comfort, in markets where LDCs do not provide billing & collection services for a fee, the customer is billed directly by Home Comfort. The Company's customers are individually insignificant and geographically dispersed. The Company currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote. For Energy Efficiency, the Company receives deposits in advance of performing installations thereby reducing its overall exposure on individual projects, such that the Company is not susceptible to an individually significant write-off.

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency ("CRA"). Refundable taxes are subject to review by the CRA, which may delay receipt. Management believes the risk of the CRA failing to deliver payment to the Company is minimal.

The Company's maximum exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

Years ended December 31	**2016**	2015
Accounts and other receivables		
Current	**$ 5,812**	$ 3,495
31- 90 days	**184**	168
Over 90 days	**48**	86
	$ 6,044	$ 3,749

The Company's maximum assessed exposure to credit risk, as at December 31, 2016 and 2015, is the carrying value of its accounts and other receivables.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

(In thousands of Canadian dollars, except per share amounts)

In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, payments received in advance of consumption, derivative instruments, credit facility, financial leases, long-term debt and commitments. The payments due by period, excluding liabilities relating to assets classified as held for sale, are set out in the following table:

As at December 31, 2016

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 9,423	$ -	$ -	**$ 9,423**
Payments received in advance of consumption	144	-	-	**144**
Credit facility	1,911	-	-	**1,911**
Advances from Cricket Energy Holdings Inc.	3,808			**3,808**
Energy derivatives	12,618	2,156	-	**14,774**
Commitments	36	258	-	**294**
	$ 27,940	**$ 2,414**	**$ -**	**$ 30,354**

As at December 31, 2015

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 7,181	$ -	$ -	**$ 7,181**
Payments received in advance of consumption	248	-	-	**248**
Credit facility	1,088	-	-	**1,088**
Energy derivatives	8,761	1,491	-	**10,252**
Program fees	750			**750**
Commitments	63	383	29	**475**
Finance lease obligation	8	-	-	**8**
	$ 18,099	**$ 1,874**	**$ 29**	**$ 20,002**

Derivative financial instruments

The Company has fixed-for-floating electricity swaps and gas and electricity forward contracts that are considered financial instruments. The fair value of financial instruments is the estimated amount that the Company would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Company has estimated the value of these contracts using a discounted cash flow method which employs market forward curves. The market forward curves are sourced from third parties.

(In thousands of Canadian dollars, except per share amounts)

At December 31, 2016, the Company had the following financial instruments classified as fair value through profit and loss:

Fixed-for-floating electricity swaps - Canada

Notional volumes (on-peak/off-peak)	24,296 MWh / 22,591 MWh
Total remaining notional volume	*46,887 MWh*
Maturity dates	June 30, 2017 to December 31, 2018
Fixed price per MWh (in dollars)	$16.55 to $47.34
Fair value favourable/(unfavourable)	$(106)
Notional value	$1,172

Physical electricity forward contracts – U.S.

Notional volumes (on-peak/off-peak)	114,349 MWh / 105,473 MWh
Total remaining notional volume	219,822 MWh
Maturity dates	February 28, 2017 to December 31, 2020
Fixed price per MWh (in U.S. dollars)	$25.60 to $70.15
Fair value favourable/(unfavourable)	$353
Notional value	*$9,104*

Natural gas forward contracts - Canada

Total remaining notional volume	503.257 GJ
Maturity dates	March 31, 2017 to October 31, 2020
Fixed price per GJ (in dollars)	$2.77 to $4.55
Fair value favourable/(unfavourable)	$(63)
Notional value	*$1,638*

Change in fair value of derivative instruments:

Years ended December 31	**2016**	2015
Fixed-for-floating electricity swaps	**$ 188**	$ (259)
Physical electricity forward contracts	**400**	793
Natural gas forward contracts	**241**	(29)
	$ 829	$ 505

<u>Fair Values</u>

IFRS 7 Financial Instruments: Disclosures requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

(In thousands of Canadian dollars, except per share amounts)

The following tables illustrates the classification of financial assets / (liabilities) in the FV hierarchy.

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 2,746	$ -	$ -	$ 2,746
Restricted cash	3,240	-	-	3,240
Accounts and other receivables	-	6,044	-	6,044
Energy derivatives	-	-	521	521
Financial liabilities				
Accounts payable and accrued liabilities	-	(9,423)	-	(9,423)
Payments received in advance of consumption	-	(144)	-	(144)
Obligation under finance lease	-	-	-	-
Credit facility	-	(1,911)	-	(1,911)
Advances from Cricket Energy Holdings Inc.	-	(3,808)	-	(3,808)
Energy derivatives	-	-	(212)	(212)
	$ 5,986	**$ (9,242)**	**$ 309**	**$ (2,947)**

As at December 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 1,176	$ -	$ -	$ 1,176
Restricted cash	2,603	-	-	2,603
Accounts and other receivables	-	3,749	-	3,749
Energy derivatives	-	-	127	127
Financial liabilities				
Accounts payable and accrued liabilities	-	(7,181)	-	(7,181)
Payments received in advance of consumption	-	(248)	-	(248)
Obligation under finance lease	-	(8)	-	(8)
Credit facility	-	(1,088)	-	(1,088)
Energy derivatives	-	-	(698)	(698)
	$ 3,779	**$ (4,776)**	**$ (571)**	**$ (1,568)**

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of:

(i) discount for lack of marketability up to 1.5%. Discount for lack of marketability represents the amounts the Company has determined that market participants would take into account when pricing these derivative instruments;

(ii) discount for counterparty non-performance risk in the range of 0.19% to 0.34%; and

(iii) discount rate of 7%.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the periods ended:

Years ended December 31	**2016**	2015
Balance, beginning of period	**$ (571)**	$ (1,009)
Gains (losses)	**59**	(154)
Purchases	**538**	(234)
Settlements	**283**	826
Balance, end of period	**$ 309**	$ (571)

Classification of financial assets and liabilities

As at December 31, 2016 and December 31, 2015 the carrying value of cash, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, payments in advance of consumption and credit facility approximates their fair value due to their short-term nature. The carrying value of obligation under finance lease and the long-term debt approximates its fair value as its interest payable on outstanding amounts approximates the Company's current cost of debt.

Interest rate risk

The Company is exposed to interest rate fluctuations associated with its floating rate credit facility. The Company's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material interest rate risk.

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of the Company's U.S. operations.

Although the Company is headquartered in Ontario, the majority of the Company's customers and revenues are in the U.S. A material portion of ONEnergy's income is generated in U.S. dollars and will be subject to currency fluctuations. As a result of the Company's continued expansion of its U.S. operations, ONEnergy expects to have a greater exposure to U.S. currency fluctuations than in prior years.

ONEnergy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged. With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended December 31, 2016, assuming that all the other variables had remained constant, comprehensive income would have been $42 higher/lower (2015 – comprehensive loss $79 higher/lower).

25. Subsequent events

On March 9, 2017, the Company entered into an LOI with Cricket Energy Holdings Inc. ("Cricket"), whereby Cricket will acquire Home Comfort for $8,300. One of Cricket's significant shareholders is also a shareholder of ONEnergy. The purchase price will be satisfied with cash and a promissory note. In addition, the Company will deliver a promissory note to Cricket for the working capital advances outstanding on closing (see note 12). The sale is subject to regulatory and shareholder approval and is expected to close in June 2017. The promissory notes will be non-interest bearing and will be payable on demand.

26. Acquisition of OZZ Electric Inc.

On December 21, 2016, the Company announced it entered into a letter of intent ("LOI") with OZZ Electric Inc. ("OZZ"), which contemplates an acquisition of all of the common shares of OZZ in exchange for the issuance of common shares of a successor corporation to ONEnergy (the "Transaction"). The controlling shareholder of OZZ is also a shareholder of ONEnergy and one of Cricket's significant shareholders. Completion of the Transaction would potentially result in a reverse takeover and change of business of the Company under the policies of the TSX Venture Exchange (the "Exchange").

The LOI will be followed by the negotiation of a definitive agreement (the "Definitive Agreement") setting forth the detailed terms of the Transaction and containing the terms and conditions set out in the LOI and such other terms and conditions as are customary for transactions of the nature and magnitude contemplated in the LOI.

Exhibit C-2 "SEC Filings"

The applicant is an indirect subsidiary of a Canadian company listed on the TSX Venture Exchange in Ontario. As the parent company is not listed on any stock exchanges regulated by the SEC, it is not required to file with the SEC. Please find attached the 2016 Q1 interim financial statements and Management's Discussion & Analysis thereon, which were filed with the Ontario Securities Commission

Audited Consolidated Financial Statements of

ONEnergy Inc.

As at and for the years ended December 31, 2015 and 2014

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of ONEnergy Inc. (the "Corporation") and its subsidiaries and all the information in the Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the Corporation's financial position, financial performance and cash flows. Management has prepared the financial information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements.

Management of the Corporation is responsible for the internal controls that provides reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of consolidated financial statements and that the Corporation's assets are properly accounted for and safeguarded.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit and Corporate Governance Committee (the "Audit Committee").

The Audit Committee meets periodically with management, as well as with external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. BDO Canada LLP has full and free access to the Audit Committee.

(Signed) – *Stephen J.J. Letwin*
Stephen J.J. Letwin
Director and Interim Chief Executive Officer

(Signed) – *Ray de Ocampo*
Ray de Ocampo
Chief Financial Officer

March 24, 2016

BDO

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BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9 Canada

Independent Auditor's Report

To the Shareholders of
ONEnergy Inc.

We have audited the accompanying consolidated financial statements of ONEnergy Inc., which comprise the consolidated statement of financial position as at December 31, 2015 and December 31, 2014 and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 consolidated financial statements present fairly, in all material respects, the financial position of ONEnergy Inc. as at December 31, 2015 and December 31, 2014 and its financial performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 24, 2016

ONEnergy Inc.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

As at December 31	Note		**2015**		2014
Assets					
Current assets					
Cash		**$**	**1,176**	$	7,781
Restricted cash	6		**2,603**		2,312
Accounts and other receivables	7		**3,749**		2,408
Inventory			**922**		84
Natural gas delivered in excess of consumption			**329**		176
Prepaid expenses and deposits			**177**		284
Current portion of energy derivatives	24		**18**		-
			8,974		13,045
Assets classified as held for sale	12		**17,219**		-
			26,193		13,045
Non-current assets					
Energy derivatives	24		**109**		-
Property and equipment	8		**409**		13,433
Intangible assets	9		**505**		6,651
Goodwill	10		**794**		2,155
Total assets		**$**	**28,010**	$	35,284
Liabilities and Shareholders' Equity					
Current liabilities					
Accounts payable and accrued liabilities	13	**$**	**7,181**	$	3,134
Payments received in advance of consumption			**248**		267
Credit facility	14		**1,088**		621
Current portion of obligation under finance lease			**8**		32
Current portion of energy derivatives	24		**455**		885
Current portion of long-term debt	15		**-**		1,877
			8,980		6,816
Liabilities relating to assets classified as held for sale	12		**14,022**		-
			23,002		6,816
Non-current liabilities					
Obligation under finance lease			**-**		8
Energy derivatives	24		**243**		124
Long-term debt	15		**-**		14,584
			23,245		21,532
Shareholders' equity					
Share capital	16		**39,477**		39,225
Contributed surplus			**810**		444
Accumulated other comprehensive income			**214**		46
Deficit			**(35,736)**		(25,963)
			4,765		13,752
Total liabilities and shareholders' equity		**$**	**28,010**	$	35,284

Commitments and contingencies (note 22)

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

Approved by the Board of Directors:

(Signed) – *Stephen J.J. Letwin*
Director

(Signed) – *Stanley H. Hartt*
Director

ONEnergy Inc.

Consolidated Statements of Loss and Comprehensive Loss

(In thousands of Canadian dollars, except per share amounts)

Years ended December 31	Note	2015	2014
Continuing Operations			
Revenue	17	$ **23,065**	$ 6,957
Cost of sales	17,18	**19,357**	5,621
Gross margin		**3,708**	1,336
Expenses			
Selling	18	**3,549**	4,083
General and administrative	18	**4,192**	4,854
		7,741	8,937
Operating loss before the undernoted		**(4,033)**	(7,601)
Other gains (expenses)			
Change in fair value of derivative instruments	24	**505**	(1,041)
Finance income		**42**	158
Finance cost		**(180)**	(70)
Gain (loss) on disposal of equipment		**-**	(5)
Foreign exchange gain (loss)		**2**	(25)
Impairment loss on assets	9	**(1,476)**	-
Loss from continuing operations		**(5,140)**	(8,584)
Discontinued Operations			
Loss from discontinued operations	12	**(4,633)**	(1,428)
Total loss		**(9,773)**	(10,012)
Other comprehensive income			
Unrealized gain on translation of foreign operations		**168**	31
Other comprehensive income		**168**	31
Total comprehensive loss		$ **(9,605)**	$ (9,981)
Loss per share from continuing operations			
Basic and diluted	16	$ **(0.21)**	$ (0.40)
Loss per share attributable to shareholders			
Basic and diluted	16	$ **(0.40)**	$ (0.47)
Weighted average number of shares outstanding			
Basic and diluted (in thousands)	16	**24,033**	21,424

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

ONEnergy Inc.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

	Share capital (note 16)[1]										
	Shares		Amount		Deficit		Contributed surplus		Accumulated other comprehensive income		Shareholders' equity
Balance as at January 1, 2014	21,113	$	37,499	$	(15,951)	$	131	$	15	$	21,694
Shares issued to acquire AVACOS assets (note 9)	2,639		1,726		-		-		-		1,726
Net loss for the year	-		-		(10,012)		-		-		(10,012)
Other comprehensive income (loss)	-		-		-		-		31		31
Stock compensation (note 16)	-		-		-		313		-		313
Balance as at December 31, 2014	**23,752**	**$**	**39,225**	**$**	**(25,963)**	**$**	**444**	**$**	**46**	**$**	**13,752**
Balance as at January 1, 2015	23,752	$	39,225	$	(25,963)	$	444	$	46	$	13,752
Shares issued to acquire PVL Projects (note 11(a))	430		385		-		-		-		385
Share issuance costs	-		(35)		-		-		-		(35)
Net loss for the period	-		-		(9,773)		-		-		(9,773)
Other comprehensive income	-		-		-		-		168		168
Stock compensation (note 16)	-		-		-		302		-		302
Normal course issuer bid purchase of Common Shares (note 16(g))	(60)		(98)		-		64		-		(34)
Balance as at December 31, 2015	**24,122**	**$**	**39,477**	**$**	**(35,736)**	**$**	**810**	**$**	**214**	**$**	**4,765**

(1) On May 28, 2015, the Corporation completed a share consolidation by issuing one new Common Share for every ten then issued and outstanding Common Shares. All share capital, stock option, deferred share unit and per share data in the current and comparative periods have been adjusted to reflect this change. See note 16 for additional information.

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

ONEnergy Inc.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Years Ended December 31	Note	2015	2014
Cash flows from the following:			
Operating activities			
Loss from continuing operations		**$ (5,140)**	$ (8,584)
Items not affecting cash			
Depreciation of property and equipment		**139**	113
Amortization of intangible assets		**522**	43
Change in fair value of energy derivatives	24	**(505)**	1,041
Interest earned on short-term investments		**-**	(158)
Loss on disposition of equipment		**-**	5
Unrealized foreign exchange loss		**-**	22
Finance costs		**180**	70
Stock based compensation	16	**302**	313
Impairment loss on assets		**1,476**	-
Other		**(313)**	-
Cash flows provided by (used in) operating activities of discontinued operations		**1,615**	653
Change in non-cash operating assets and liabilities	19	**2,137**	(485)
Cash provided by (used in) operating activities		**413**	(6,967)
Investing activities			
Increase in restricted cash		**(1,123)**	(1,214)
Interest received on cash, cash equivalents and short-term investments		**-**	150
Purchase of equipment		**(21)**	(501)
Purchase of intangible assets		**(68)**	(115)
Acquisition of PVL, net of cash acquired		**(221)**	-
Acquisition of Home Comfort, net of cash acquired		**-**	(3,072)
Cash flows used in investing activities of discontinued operations		**(2,130)**	(2,359)
Cash used in investing activities		**(3,563)**	(7,111)
Financing activities			
Finance costs paid		**(174)**	(70)
Proceeds from credit facility		**16,040**	621
Repayments of credit facility		**(15,782)**	-
Repayment of obligation under finance lease		**(32)**	(34)
Share issuance costs		**(35)**	-
Purchase of Common Shares for cancellation		**(34)**	-
Cash flows provided by (used in) financing activities of discontinued operations		**(3,877)**	805
Cash (used in) provided by financing activities		**(3,894)**	1,322
Effect of foreign currency translation		**439**	(18)
Decrease in cash		**(6,605)**	(12,774)
Cash and cash equivalents, beginning of period		**7,781**	20,555
Cash and cash equivalents, end of period		**$ 1,176**	$ 7,781

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

1. Nature of operations

Look Communications Inc. ("Look") was formed on October 31, 1999 under the *Canada Business Corporations Act* ("CBCA"). On July 8, 2013, pursuant to articles of amendment, Look changed its name to ONEnergy Inc. ("ONEnergy"). On July 9, 2013, ONEnergy completed a change-of-business transaction and a concurrent private placement. On May 19, 2015 the Shareholders approved a resolution continuing the Corporation under the *Business Corporations Act* (Ontario) ("OBCA") and discontinuing the Corporation under the CBCA. On August 4, 2015, the Corporation continued under the OBCA.

The consolidated financial statements are comprised of ONEnergy and its wholly owned subsidiaries which include:

(a) Sunwave Gas & Power Inc. ("Sunwave"), Sunwave USA Holdings Inc., Sunwave Gas & Power New York Inc., Sunwave Gas & Power Illinois Inc., Sunwave Gas & Power Massachusetts Inc., Sunwave Gas & Power Connecticut Inc., Sunwave Gas & Power Pennsylvania Inc. and Sunwave Gas & Power Ohio Inc. (collectively referred to as "Gas & Power");
(b) Sunwave Home Comfort Inc. (formerly The Home Comfort Group Inc., "SHC") and Sunwave Home Comfort USA Inc. (collectively referred to as "Home Comfort"); and
(c) 0867893 B.C. Ltd. dba PVL Projects ("PVL").

References to the Corporation include ONEnergy, Gas & Power, Home Comfort and PVL. The Corporation is domiciled in Canada and the address of its registered office is 155 Gordon Baker Road, Suite 301, Toronto, Ontario, Canada M2H 3N5.

ONEnergy operates in the Gas & Power, Home Comfort and Energy Efficiency (as described below) businesses. The Corporation's Gas & Power business involves the sale of natural gas and electricity in Ontario, and electricity in Connecticut, Pennsylvania and Massachusetts, to residential and commercial customers under short or long-term fixed-price, price-protected or variable-priced contracts, under the brand name Sunwave Gas & Power™. The Corporation's Home Comfort business, under the brand name Sunwave Home Comfort™, owns a portfolio of furnaces, boilers and air conditioners ("HVAC") and water heaters, which are rented to residential customers in Ontario and Alberta, under long-term water heater and HVAC rental programs. In addition, Home Comfort also sells and installs HVAC and water heaters directly to residential customers. As at December 31, 2015 Home Comfort has been classified as held for sale; see Note 12. Under its Energy Efficiency business, the Corporation provides a variety of products and services including high efficiency lighting, commercial HVAC products and services, energy storage (battery) products and services, energy auditing services, energy management software products and services and commercial solar photovoltaic design and construction to help commercial, industrial, manufacturing, retail and institutional clients minimize their energy consumption under the ONEnergy brand.

On May 28, 2015, the Corporation changed the designation of the Subordinate Voting Shares to Common Shares and exchanged the Multiple Voting Shares on a one-for-one basis into Common Shares. The Corporation completed a share consolidation issuing one new Common Share for every ten then issued and outstanding Common Shares (note 16(g)). All share capital, stock option, deferred share unit and per share data in the current and comparative periods have been adjusted to reflect this change.

The Common Shares of the Corporation are listed on the TSX Venture exchange under the symbol OEG.

These consolidated financial statements were approved for issue by the Board of Directors on March 24, 2016.

2. Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB").

Basis of presentation

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand, except per share amounts. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the initial accounting for business acquisitions and for certain financial assets and liabilities which are stated at fair value.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and all of its wholly-owned subsidiaries for which it has the power to govern the financial and operating policies. All material inter-company balances and transactions are eliminated. For any new acquisitions, the results of operations are reflected from the dates of acquisition.

Cash and cash equivalents

Cash and cash equivalents consists of cash with financial institutions. At any time, cash in banks may exceed federally insured limits.

Restricted cash

Restricted cash is pledged as collateral for issued letters of credit and as security for long-term debt. Letters of credit are posted with State regulatory entities, independent system operators, local distribution companies ("LDCs"), or other counterparties as required collateral in order to operate in certain markets or for other financial assurance programs. A portion of the proceeds from long-term debt is held by the lender as a reserve against default.

Accounts receivable

The Corporation delivers gas and electricity to its customers through LDCs, many of which guarantee amounts due from customers for consumed gas or electricity. Accounts receivable represents amounts due for gas or electricity consumed by customers.

The Corporation collects monthly rental revenue on the HVAC rental directly from customers or through LDCs. Accounts receivable represents amounts due for monthly rental payments as defined in the rental contracts.

The Corporation primarily operates in LDC markets which have purchase of receivables ("POR") programs in place under which the LDCs assume the credit risk associated with the customer billings. Consequently, in these markets, the Corporation's exposure to credit risk concentration is limited primarily to those LDCs that collect and remit receivables to the Corporation. For SHC, there are certain LDC markets where POR programs are not in place for its products or services, consequently SHC bills the customer directly and assumes the credit risk associated with customer billings.

The Corporation delivers and installs high efficiency lighting and other energy efficiency services to customers. Accounts receivable represents amounts due for high efficiency lighting and other services delivered to customers.

Inventory

Inventory consists of lighting equipment, HVAC equipment and water heaters. Inventory is stated at the lower of cost and net realizable value with cost being determined on a first-in-first-out basis.

Gas delivered in excess of consumption/ Payments received in advance of consumption

Gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Property and equipment

Property and equipment are initially recognized at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and capitalized borrowing costs.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

Asset category	Depreciation method	Estimated useful lives
Rental equipment	Straight line	15 years
Computer hardware	Straight line	2-3 years
Office furniture and equipment	Straight line	5 years
Leasehold improvement	Straight line	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

Intangible assets

Intangible assets are initially measured at cost and are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization method and useful life of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected life or pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimate and recorded on a prospective basis. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of loss in selling expense and general and administrative expense.

Intangible assets primarily consist of purchased customer contracts and computer software.

Estimated useful lives are as follows:

Asset category	Amortization method	Estimated useful lives
Customer contracts	Straight line	3 – 15 years
Computer software	Straight line	3 years
Non-compete agreement	Straight line	2 years

Goodwill

Goodwill is measured as the excess of the cost of the business combination over the net fair value of the identifiable assets acquired and liabilities assumed including non-controlling interest. Any negative difference is recognized as a gain directly in the consolidated statement of comprehensive loss. If the fair values of the assets, liabilities and non-controlling interest can only be calculated on a provisional basis the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

Goodwill is considered to have an indefinite useful life and is not amortized, but rather is tested annually for impairment. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Leases

As lessee

Leases entered into by the Corporation as lessee that transfer substantially all the benefits and risks of ownership to the Company are record as finance leases and are included in property and equipment and obligations under finance leases. Obligations under finance lease are reduced by lease payments net of imputed interest. All other leases are classified as operating leases under which lease payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease cost, over the term of the lease.

As lessor

Leases where the Corporation does not transfer substantially all the risks and benefits of ownership are classified as operating leases. Direct costs associated with initializing the operating lease are added to the carrying amount of the rental equipment and recognized over the term of the lease.

Impairment of non-financial assets

At each statement of financial position date, the Corporation reviews the carrying amounts of its finite life non-financial assets, including property and equipment and intangible assets to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU"). Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss in the period in which they occur. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss will only be reversed if there will be a change in the assumptions used to determine the asset's recoverable amount since the time the impairment loss was recognized. Where impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit and loss in the period in which they occur.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity" or "other financial liabilities."

All derivative instruments are classified as fair value through profit and loss and are subsequently measured at fair value. Subsequent measurement and recognition of changes in the fair value are recognized in profit or loss.

Financial assets classified as loans and receivables, held-to-maturity and other financial liabilities are subsequently measured at amortized cost using the effective interest method of amortization.

Financial assets classified as available-for-sale are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income ("OCI").

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Subsequent Measurement
Cash	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts and other receivables	Loans and receivables	Amortized cost
Derivative financial assets	Fair value through profit or loss	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payments received in advance of consumption	Other financial liabilities	Amortized cost
Obligations under finance lease	Other financial liabilities	Amortized cost
Credit facility	Other financial liabilities	Amortized cost
Derivative financial liabilities	Fair value through profit or loss	Fair value
Long-term debt	Other financial liabilities	Amortized cost

Transaction costs of financial instruments are capitalized to the carrying amount of the instrument and amortized using the effective interest method, other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of accounts receivable is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of loss.

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of loss. On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. Revenue is measured at the fair value of the consideration received.

Gas & Power

The transfer of risks and rewards generally coincide with consumption of the commodity by the customer. Revenue is recognized based on consumption used by customers at the agreed prices.

Natural gas delivery is based on estimated customer historical usage and is regularly reconciled to determine if customers consumed more gas than has been delivered or if consumption is less than has been delivered. Gas delivered in excess of consumption by customers is recognized as an asset at the lower of cost and net realizable value. Consumption by customers in excess of gas delivered is recognized as accrued gas payable at amortized cost. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Revenue for electricity is recognized upon consumption of power by the customer. Consumption for a reporting period is estimated based on historical usage rates by that customer at their agreed upon selling price. Upon receipt of customer billing information from the LDC, estimated consumption is reconciled to actual usage, with any change from estimates recorded in a subsequent period.

Home Comfort

Revenue from sales of HVAC equipment is recognized upon installation, when the selling price has been determined, and the ability to collect is reasonably assured. Revenue from the rental of HVAC equipment is recognized straight line based on rental rates over the term commencing from the installation date.

Energy Efficiency

Revenue from sales of Energy Efficiency equipment is recognized upon delivery or installation, when the selling price has been determined, and the ability to collect is reasonably assured.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Corporation's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Corporation's US based Gas & Power operations is the US dollar. The functional currency of the Corporation's Canadian based Gas & Power, Home Comfort and Energy Efficiency operations is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the parent Corporation's presentation and functional currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of loss.

Translation of foreign operations

The results and consolidated financial position of all the subsidiary entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of loss are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the foreign operations are recorded to other comprehensive loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Per share amounts

The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares assuming the exercise of stock options and deferred share units, if dilutive. The effect of the outstanding options and DSUs as at December 31, 2015 and 2014 was anti-dilutive.

Share-based compensation plans

Stock option plans

ONEnergy accounts for its share-based options compensation as equity-settled transactions. The cost of share-based options compensation is measured by reference to the fair value at the date on which it was granted. Options awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and ONEnergy's best estimate of the number of shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Deferred share unit plan

Non-executive directors are eligible to receive part or all of their quarterly directorship fees in deferred share units ("DSUs"). DSUs are expensed on the date of grant since they vest immediately, although they are not payable until a director's separation date. DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Corporation or (iii) a combination of cash and Common Shares in the Corporation. The DSUs are classified as a liability once vested, and are re-measured to fair value at each reporting date. Fair value is based on the number of units vested and the underlying price of the Corporation's shares. The DSUs are governed by the provisions of the Corporation's Deferred Share Unit Plan.

Equity transaction costs

Transaction costs incurred by the Corporation in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries, branches and associates, and interest in joint ventures where the Corporation is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Corporation does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its tax assets and liabilities on a net basis.

Non-current assets held for sale and discontinued operations

The Corporation classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of loss. Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

New standards, interpretations and amendments adopted by the Company during the year

The Corporation has adopted the following new accounting standards and amendments which are effective for the interim and annual consolidated financial statements commencing January 1, 2015. The adoption of these standards and amendments did not have a significant impact on the Corporation's results of operations, financial position and disclosures.

- Amendment to IFRS 2, *Share-Based Payment*
- Amendment to IFRS 8, *Operating Segments*

3. Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the consolidated financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments and estimates made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Corporation based on the number of units of energy consumed but not yet billed, based on usage data available, multiplied by the current customer average sales price per unit.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including making internally generated adjustments to quoted prices in observable markets and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The estimate includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

In assessing the value of intangible assets, goodwill or non-financial assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Corporation may be required to record impairment charges related to intangible assets and goodwill.

Useful life of property and equipment and intangible assets

The amortization method and useful lives reflect the pattern in which management expects the asset's future economic benefits to be consumed by the Corporation.

Acquisition accounting

Management uses judgment to determine whether an acquisition qualifies as an asset acquisition or a business combination by reviewing inputs, processes, and outputs within a transaction. All identifiable assets, liabilities and contingent liabilities acquired are recognized at fair value on the date of acquisition. Estimates are used to calculate the fair value of these assets and liabilities as at the date of acquisition.

4. Accounting standards issued but not yet applied

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Corporation intends to adopt these standards when they become effective.

The following is a description of the new standards:

IFRS 9, *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model where the basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"): In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programs. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17, Leases. This Standard requires revenue to be recognized in a method that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

(In thousands of Canadian dollars, except per share amounts)

i. Identify the contract with a customer;

ii. Identify the performance obligations in the contract;

iii. Determine the transaction price;

iv. Allocate the transaction price to the performance obligations in the contract; and

v. Recognize revenue when each performance obligation is satisfied.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfilment costs. This Standard is effective for annual periods beginning on or after January 1, 2018.

IFRS 16, *Leases* ("IFRS 16"): In January 2016, the IASB issued IFRS 16 which supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will affect the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019.

5. Seasonality

The customers of Gas & Power typically consume more natural gas during the winter months than the summer months and while they typically consume more electricity during the summer months electricity consumption is subject to less seasonality than natural gas. The combined impact of natural gas and electricity consumption seasonality on the results of the Corporation is that revenue and cost of sales will be typically higher in the quarters ended December 31 and March 31.

6. Restricted cash

Restricted cash includes cash where availability of funds is restricted by debt arrangements:

- The Corporation has deposits of $2,195 at December 31, 2015 (December 31, 2014 – $1,300) held as collateral to support letters of credit issued by the Corporation and as financial assurance against our operations in certain U.S. and Canadian markets.
- The Corporation has cash of $408 at December 31, 2015 (December 31, 2014 - $62) that is pledged as collateral against energy purchases and other obligations under its commodity supply and credit facility agreement with Shell Energy North America (Canada) Inc. and Shell Energy North America (US), L.P. (collectively "Shell Energy").
- The Corporation finances the cost of rental equipment. A portion of the proceeds from each draw is held as security ("finance reserve") against the loan described in note 15(a). As at December 31, 2015, the finance reserve balance was $749 (December 31, 2014 - $832). The balance at December 31, 2015 was included in assets classified as held for sale.
- The Corporation has other restricted cash of $NIL at December 31, 2015 (December 31, 2014 - $118).

7. Accounts and other receivables

Accounts and other receivables are set out in the following table:

As at December 31		**2015**		2014
Trade receivables	**$**	**2,126**	$	984
Unbilled receivables		**1,487**		1,357
Refundable taxes		**136**		52
Other receivables		**-**		15
Total	**$**	**3,749**	$	2,408

(In thousands of Canadian dollars, except per share amounts)

8. Property and equipment

As at December 31, 2015

	Rental equipment	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost					
Balance at January 1, 2015	$ 13,481	$ 101	$ 172	$ 397	$ 14,151
Additions	3,422	1	4	16	3,443
Disposal	(1,027)	-	-	-	(1,027)
Transfer to assets classified as held for sale (note 12)	(15,876)	-	-	-	(15,876)
Balance at December 31, 2015	**-**	**102**	**176**	**413**	**691**
Accumulated depreciation					
Balance at January 1, 2015	577	72	39	30	718
Depreciation	943	16	45	80	1,084
Disposal	(123)	-	-	-	(123)
Transfer to assets classified as held for sale (note 12)	(1,397)	-	-	-	(1,397)
Balance at December 31, 2015	**-**	**88**	**84**	**110**	**282**
Net book value					
As at December 31, 2015	**$ -**	**$ 14**	**$ 92**	**$ 303**	**$ 409**

As at December 31, 2014

	Rental equipment	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost					
Balance at January 1, 2014	$ -	$ 79	$ 104	$ -	$ 183
Acquisition (note 11)	11,249	6	30	-	11,285
Additions	3,025	22	82	397	3,526
Disposal	(793)	(6)	(44)	-	(843)
Balance at December 31, 2014	**13,481**	**101**	**172**	**397**	**14,151**
Accumulated depreciation					
Balance at January 1, 2014	-	22	14	-	36
Depreciation	639	50	39	30	758
Disposal	(62)	-	(14)	-	(76)
Balance at December 31, 2014	**577**	**72**	**39**	**30**	**718**
Net book value					
As at December 31, 2014	**$ 12,904**	**$ 29**	**$ 133**	**$ 367**	**$ 13,433**

(In thousands of Canadian dollars, except per share amounts)

9. Intangible assets

As at December 31, 2015

	Customer contracts	Computer software	Non-compete agreement	Total intangible assets
Cost				
Balance at January 1, 2015	$ 7,127	$ 136	$ -	$ 7,263
Acquisition (note 11(a))	-	-	25	25
Additions	-	68	-	68
Disposals, retirements and other	(250)	-	-	(250)
Impairment loss on assets[(1)]	(1,476)	-	-	(1,476)
Transfer to assets classified as held for sale (note 12)	(4,482)	-	-	(4,482)
Balance at December 31, 2015	**919**	**204**	**25**	**1,148**
Accumulated amortization				
Balance at January 1, 2015	586	26	-	612
Amortization	708	63	8	779
Disposals, retirements and other	(250)	-	-	(250)
Transfer to assets classified as held for sale (note 12)	(498)	-	-	(498)
Balance at December 31, 2015	**546**	**89**	**8**	**643**
Net book value				
As at December 31, 2015	**$ 373**	**$ 115**	**$ 17**	**$ 505**

As at December 31, 2014

	Customer contracts	Computer software	Non-compete agreement	Total intangible assets
Cost				
Balance at January 1, 2014	$ 919	$ 21	$ -	$ 940
Acquisition (note 11(b))	4,482	-	-	4,482
Additions[(1)]	1,726	115	-	1,841
Balance at December 31, 2014	**7,127**	**136**	**-**	**7,263**
Accumulated amortization				
Balance at January 1, 2014	105	3	-	108
Amortization	481	23	-	504
Balance at December 31, 2014	**586**	**26**	**-**	**612**
Net book value				
As at December 31, 2014	**$ 6,541**	**$ 110**	**$ -**	**$ 6,651**

(1) On November 18, 2014, the Corporation acquired customer contracts from 2289274 Ontario Limited, which operates as AVACOS Clean Energy ("AVACOS") for share consideration of 1,097 Multiple Voting Shares and 1,542 Subordinate Voting Shares, valued at $1,726. AVACOS is a Toronto, Ontario-based provider of energy generation and energy efficiency products and services including LED lighting retrofits, commercial solar photovoltaic power generation system design and installation, and building envelope upgrades. The customer contracts are being amortized over a period of 7.5 years. During the year ended December 31, 2015 the acquired contracts were either terminated by the customer or determined to have a nominal value in use. An impairment loss of $1,476 was recognized during the year ended December 31, 2015 to reduce the carrying amount of the acquired contracts to $NIL.

(In thousands of Canadian dollars, except per share amounts)

10. Goodwill

Cost		
Balance at January 1, 2014	$	548
Acquisition of The Home Comfort Group Inc. (note 11(b))		1,607
Balance at December 31, 2014		**2,155**
Acquisition of PVL Projects (note 11(a))		246
Transfer to assets classified as held for sale (note 12)		(1,607)
Balance at December 31, 2015	**$**	**794**

11. Acquisitions

(a) Acquisition of PVL Projects

On April 30, 2015, the Corporation acquired all the issued and outstanding shares of 0867893 B.C. Ltd. operating as PVL Projects ("PVL") for total consideration of $698 satisfied by the issuance of 225 Multiple Voting Shares and 205 Subordinate Voting Shares of the Corporation and $313 in cash. PVL, which is based in Vancouver, British Columbia, is a provider of retrofit high efficiency lighting solutions for commercial and industrial customers including demanding applications for ports, aircraft maintenance facilities, arenas and gymnasiums, warehouses, offices and general industrial facilities.

The acquisition of PVL was accounted for using the purchase method of accounting in accordance with IFRS 3 with the results of operations consolidated with those of the Corporation effective April 30, 2015 and has contributed incremental revenue from continuing operations of $482 and loss from continuing operations of $260 for the year ended December 31, 2015. Management estimates that if the acquisition of PVL had taken place at the beginning of the fiscal year, the consolidated revenue from continuing operations and loss from continuing operations for the year ended December 31, 2015 would have been $24,709 and $5,145, respectively. Transaction costs of $20 related to the acquisition of PVL have been expensed and are included in general and administrative expenses in the consolidated statement of loss.

The Corporation allocated the purchase price to the net identified assets and liabilities acquired based on their fair values at the time of the acquisition as follows:

Purchase price		
Cash consideration	$	313
Share consideration		385
	$	**698**
Fair value recognized on acquisition		
Current assets	$	669
Current liabilities		(242)
Non-compete agreement		25
Goodwill		246
	$	**698**

Goodwill comprised the value of PVL's workforce and management team while intangible asset is comprised of the value of non-compete agreements with PVL's former shareholders. The non-compete agreement is being amortized over a period of 2 years. None of the goodwill recognized is expected to be deductible for tax purposes.

The acquired assets, including tangible assets and goodwill, are included in the Corporation's Energy Efficiency business.

The purchase price allocation has been finalized.

(In thousands of Canadian dollars, except per share amounts)

(b) The Home Comfort Group Inc.

On April 21, 2014, the Corporation acquired 100% of the issued and outstanding shares of The Home Comfort Group Inc. (since renamed to Sunwave Home Comfort Inc. "SHC") for cash consideration of $3,088. SHC operates in the residential heating, ventilation, & air conditioning ("HVAC") rentals, sales and installation business and provides heating and air conditioning equipment, tankless and conventional hot water systems and other in-home and commercial appliances, products and services. Based in Toronto, Ontario, SHC has operations in Ontario and Alberta. The acquisition was consistent with the Corporation's strategy at the time to expand into additional energy services and products.

The acquisition of SHC was accounted for using the purchase method of accounting in accordance with IFRS 3 with the results of operations consolidated with those of the Corporation effective April 21, 2014 and has contributed incremental revenue from discontinued operations of $2,325 and loss from discontinued operations of $1,428 for the year ended December 31, 2014. Management estimates that if the acquisition of SHC had taken place at the beginning of the fiscal year, the consolidated revenue from discontinued operations and loss from discontinued operations for the year ended December 31, 2014 would have been $3,397 and $2,761, respectively. Transaction costs of $96 related to the acquisition of SHC have been expensed and are included in general and administrative expenses in the consolidated statement of loss.

The Corporation allocated the purchase price to the net identified assets and liabilities acquired based on their fair values at the time of the acquisition as follows:

Purchase price		
Cash consideration	**$**	**3,088**
Fair value recognized on acquisition		
Current assets	$	1,482
Property and equipment		11,285
Current liabilities		(1,086)
Long-term debt		(14,682)
Customer contracts		4,482
Goodwill		1,607
	$	**3,088**

Goodwill comprised the value of SHC's current infrastructure while intangible asset comprised the value of SHC's customer contracts. The customer contracts are being amortized over a period of 15 years. None of the goodwill recognized is expected to be deductible for tax purposes.

The acquired assets, including tangible assets and goodwill, form the Corporation's Home Comfort business.

The purchase price allocation has been finalized.

(In thousands of Canadian dollars, except per share amounts)

12. Discontinued operations

In December 2015 the Corporation formally commenced the process to sell SHC. SHC has been operating in a highly competitive environment which has seen its major competitors consolidate, making it difficult for management to derive real growth and profitability from the segment. In addition, it has been viewed as a non-core business. The disposal of SHC is due to be completed within the next 12 months. At December 31, 2015 SHC was classified as held for sale and as a discontinued operation.

The results of SHC for the year are presented below:

Years ended December 31	**2015**	2014
Revenue	**$ 2,929**	$ 2,325
Cost of sales	**998**	844
Gross margin	**1,931**	1,481
Expenses		
Selling	**814**	1,061
General and administrative	**702**	873
	1,516	1,934
Operating profit (loss) before the undernoted	**415**	(453)
Other gains (expenses)		
Finance cost	**(1,372)**	(1,011)
Gain on disposal of equipment	**317**	36
Foreign exchange loss	**(2)**	-
Impairment loss recognized on the remeasurement to estimated fair value less costs to sell	**(3,991)**	-
Loss from discontinued operations	**$ (4,633)**	$ (1,428)
Loss per share from discontinued operations		
Basic and diluted	**$ (0.19)**	$ (0.07)

Deferred tax assets have not been recognized for the following:

Years ended December 31	**2015**	2014
Non-capital tax loss carry-forwards	**$ 724**	$ 788
Other	**102**	1,548
	$ 826	$ 2,336

Unrecognized losses available for carryforward will expire in the taxation years ending December 31 as follows:

Year	Amount
2030	$ 101
2031	385
2032	2,009
2033	119
2034	117
	$ 2,731

(In thousands of Canadian dollars, except per share amounts)

The major classes of assets and liabilities of SHC classified as held for sale are as follows:

As at December 31	Note		2015
Assets			
Current assets			
Restricted cash		$	761
Accounts and other receivables			336
Inventory			37
Prepaid expenses and deposits			6
			1,140
Non-current assets			
Property and equipment			14,479
Intangible assets			1,600
Assets classified as held for sale		$	17,219
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		$	66
Current portion of long-term debt	14		1,824
			1,890
Non-current liabilities			
Long-term debt	14		12,132
Liabilities directly associated with assets classified as held for sale		$	14,022

Following the classification as discontinued operations, an impairment loss of $3,991 was recognized to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This was recognized in discontinued operations in the statement of loss.

13. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are set out in the following table:

As at December 31		**2015**		2014
Accounts payable	**$**	**2,488**	$	690
Accrued liabilities		**4,504**		2,255
Accrued restructuring liabilities (1)		**189**		189
Total	**$**	**7,181**	$	3,134

(1) During fiscal 2009, the Corporation sold its spectrum and broadcast license, initiated a Plan of Arrangement under the *Canada Business Corporations Act* (Section 192) and, up to November 30, 2010, expensed all associated costs to restructuring charges. Additional charges may be incurred as the Corporation continues in its attempt to recover advances made to various law firms (note 22).

14. Credit facility

On November 20, 2013, Gas & Power entered into agreements with Shell Energy under which Shell Energy will supply energy, credit support, and environmental commodities to Gas & Power in multiple North American natural gas and power retail markets.

The commodity supply agreements allow for Shell Energy to provide Gas & Power with wholesale electricity, natural gas, carbon offsets, and renewable energy credits in Canada and five US states, namely Connecticut, New York, Pennsylvania, Illinois and Massachusetts. The agreements can be further expanded to cover additional states as Gas & Power moves into additional deregulated markets for natural gas and electricity.

Under the credit facility agreements Shell Energy has provided Gas & Power credit arrangements for its Canadian and U.S. operations. Under the Canadian revolving credit facility Shell Energy provides Gas & Power with advances of up to $1,000 for commodity purchases and financial derivatives and related services. Interest is payable on outstanding advances at 4% plus the greater of: (i) 3% or (ii) LIBOR. Under the U.S. revolving credit and collateral credit facilities Shell Energy provides Gas & Power with advances of up to US$15,000 for commodity purchases, certain working capital uses, collateral security support and financial derivatives and related services. Interest is payable on outstanding advances under the revolving credit facility at 4% plus the greater of: (i) 3% or (ii) LIBOR, and under the collateral credit facility at 4% plus the greater of: (i) 4% or (ii) LIBOR. On December 31, 2015, LIBOR was 0.61% (December 31, 2014 – 0.26%). An additional interest rate penalty of 0.50% applies to all facilities in the event that Gas & Power were to be in default of certain financial covenants. Interest is repayable in the month following the month that advances were made. Principal on the revolving credit facility is repayable in the month following the month that advances were made. Principal on the collateral credit facility is repayable by November 20, 2018. No further advances can be made after November 20, 2018.

The agreements are secured by a general security agreement and a pledge of Gas & Power's assets and subject to certain covenant restrictions.

As at December 31, 2015, Gas & Power had $1,088 (US$786) (December 31, 2014 - $464) outstanding under the U.S. collateral credit facility and $NIL (US$NIL) (December 31, 2014 - $157) outstanding under the U.S. revolving credit facility. In 2015, no advances were drawn on the Canadian credit facilities. Under the U.S. credit facilities, amounts are available in US$5,000 tranches depending on monthly delivered volumes. As at December 31, 2015, a total of US$5,000 (December 31, 2014 – US$5,000) was available to be drawn on these facilities. Under the Canadian credit facilities, a total of $1,000 (December 31, 2014 - $1,000) was available to be drawn. As at December 31, 2014, Gas & Power was non-compliant with a single covenant in the Shell credit agreements. An additional penalty interest rate of 0.5% was applied until Gas & Power became compliant with this covenant. Interest is provided at 8.0% per annum on the collateral credit facility plus an interest penalty of 0.5% for covenant non-compliance; and at 7.0% per annum on the revolving credit facility plus an interest penalty of 0.5% for covenant non-compliance. On September 1, 2015 the credit facility agreements were amended to change certain covenants. As a result of these amendments, Gas & Power was compliant with the covenants in the Shell credit agreements as at September 30, 2015 and the additional penalty interest rate adder was removed. Gas & Power remained compliant with the covenants in the Shell credit agreements as at December 31, 2015.

As partial consideration for entering into the agreements above, Gas & Power has agreed to provide Shell Energy with a "participation" payment based upon the performance of Gas & Power during the term of the agreements. A participation payment is payable to Shell Energy upon Gas & Power reaching certain milestones such as customer count thresholds; a disposition of Gas & Power's assets or a material public share issuance by Gas & Power or the Corporation. The payment is based on a certain percentage of Gas & Power's equity value at the time of the triggering event. The payment, if and when triggered, is a one-time event. For clarity, the calculation of the payment is based on Gas & Power's equity value at the time of the triggering event, and not upon the equity value of the Corporation. Given that various events could result in the achievement of triggering milestones, and that the milestones that would trigger a payment may occur at any point over the life of the agreements, as at December 31, 2015 and December 31, 2014 management does not believe it is reasonably possible to estimate either the timing or the amount of such participation payment. No amount for a participation payment to Shell Energy has been accrued as at December 31, 2015 and December 31, 2014.

(In thousands of Canadian dollars, except per share amounts)

15. Long-term debt

Years ended December 31		2015		2014
Equipment financing				
Principal	$	**13,927**	$	16,343
Accrued Interest payable		**29**		37
Other long-term debt		**-**		81
		13,956		16,461
Less: transfer to liabilities relating to assets classified as held for sale (note 12)		**(13,956)**		-
Less: current portion		**-**		(1,877)
	$	**-**	$	14,584

(a) Equipment financing

The Corporation finances the cost of rental equipment over a period of seven to ten years. The loans bear interest at rates of 8.9% per annum. Principal and interest are repayable on a monthly basis. The lender retains a portion of the financing proceeds as security ("financing reserve"). This financing reserve is currently at $749 (December 31, 2014 - $832) and is included in assets classified as held for sale. The financing reserve becomes available to the Corporation as the debt is repaid. The loans are secured by the rental contracts and the rental equipment that is financed. The loans have been reclassified to liabilities relating to assets held for sale.

(b) Other long-term debt

SHC's former controlling shareholder made advances totaling $100 to SHC. The remaining balance of the loan was repaid in May 2015 as part of a settlement with SHC's former controlling shareholder.

16. Share capital

(a) Authorized

Unlimited Preference Shares – non-voting, issuable in series. The number of shares under each series, designation, privileges, restrictions and conditions attaching thereto to be determined by the Board of Directors prior to issue. No such shares are issued and outstanding.

Unlimited Common Shares - voting, entitled to one vote per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Corporation.

(b) Capital reorganization and share consolidation

On May 28, 2015, the Corporation changed the designation of the Subordinate Voting Shares to Common Shares and exchanged the Multiple Voting Shares on a one-for-one basis into Common Shares ("Capital Reorganization"). The Corporation completed a share consolidation by issuing one new Common Share for every ten then issued and outstanding Common Shares ("Share Consolidation"). All share capital, stock option, deferred share unit and per share data in the current and comparative periods have been adjusted to reflect this change.

(c) ***Issued and outstanding***

Shares (in thousands)	Common Shares [1]		Multiple Voting Shares [1]		Total
Balance, as at January 1, 2014	11,114	$ 19,571	9,999	$ 17,928	$ 37,499
Issued by the Corporation to acquire assets of AVACOS (note 9)	1,542	849	1,097	877	1,726
Balance, as at December 31, 2014	12,656	20,420	11,096	18,805	39,225
Issued by the Corporation to acquire PVL (note 11(a))	205	205	225	180	385
Capital reorganization	11,321	18,985	(11,321)	(18,985)	-
Share issuance costs	-	(35)	-	-	(35)
Normal course issuer bid purchase of Common Shares (note 16(g))	(60)	(98)	-	-	(98)
Balance, as at December 31, 2015	**24,122**	**$ 39,477**	**-**	**$ -**	**$ 39,477**

(1) Adjusted to reflect the Share Consolidation.

(d) Stock option plans

On July 9, 2013, the Board approved the 2013 Stock Option Plan ("2013 Plan") and terminated the 2002 Stock Option Incentive Plan. On May 28, 2015, the 2013 Plan was adjusted to reflect the effects of the Capital Reorganization and Share Consolidation. The objective of the 2013 Plan is to provide directors, officers and employees of, and service providers to, the Corporation with a proprietary interest through the granting of options to purchase Common Shares of the Corporation. These groups are primarily responsible for the management, growth and protection of the business of the Corporation. Under the 2013 Plan, the Board may grant options provided that the total number of shares issued under the 2013 Plan does not exceed 2,111. The exercise price of the options is determined by the Board at the time of the grant of an option, but cannot be lower than the market price of the Corporation's shares on the TSX Venture Exchange ("Exchange") on the business day immediately preceding the day on which an option is granted, less any permissible discount under the policies of the Exchange. The options vest over a four- or five-year period and the maximum period during which an option may be exercised is 10 years from the date on which it is granted.

During 2015, the Corporation granted 235 options to purchase Common Shares in the capital of the Corporation to employees. These options vest over a four or five year period, are exercisable at prices from $0.50 to $1.10 and expire between March 2025 and November 2025.

The following table reflects the options outstanding under the 2013 Plan:

	Weighted average remaining contractual life	Number of options (in thousands) [1]	Weighted average exercise price
Outstanding as at January 1, 2014	9.5	1,800	$ 1.40
Granted		265	0.74
Forfeited		(222)	1.25
Outstanding as at December 31, 2014	8.81	1,843	1.32
Granted		235	0.79
Forfeited		(168)	1.02
Outstanding as at December 31, 2015	**7.84**	**1,910**	**$ 1.29**
Exercisable as at December 31, 2014	8.81	549	1.35
Exercisable as at December 31, 2015	**7.84**	**809**	**$ 1.37**

(1) Adjusted to reflect the Share Consolidation.

The Corporation uses the Black-Scholes option pricing model to estimate fair value of options granted. The fair value of options issued during the period was determined using the following weighted average assumptions: risk-free interest rate of 0.99%-1.44% (2014 – 1.77%-2.02%); expected volatility of 80% (2014 – 80%); expected life of 10 years (2014 – 10 years) and an expected dividend yield of NIL (2014 – NIL). The weighted average grant date fair value of options was $0.79 (2014 – $0.740).

(e) Loss per share

Years ended December 31		2015 (1)		2014 (1)
Loss from continuing operations	$	**(5,140)**	$	(8,584)
Loss attributable to shareholders	$	**(9,773)**	$	(10,012)
Weighted average number of shares outstanding (in thousands)		**24,033**		21,424
Basic and diluted loss per share from continuing operations	$	**(0.21)**	$	($0.40)
Basic and diluted loss per share attributable to shareholders	$	**(0.40)**	$	($0.47)

(1) Adjusted to reflect the Share Consolidation.

Basic loss per share is calculated by dividing the total loss by the weighted average number of shares outstanding during the period. Outstanding stock options, as at December 31, 2015, of 1,910 (December 31, 2014 – 1,843) and Deferred Share Units ("DSUs") of 133 (December 31, 2014 – 26), have not been factored into the calculation as they are considered anti-dilutive.

(f) Deferred share unit plan

On May 28, 2015, the DSU Plan was amended to reflect the effects of the Capital Reorganization and Share Consolidation.

During 2015, the Corporation awarded 107 DSUs to non-executive directors. These DSUs vest immediately and expire between January 2025 and October 2025.

DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Corporation or (iii) a combination of cash and Common Shares in the Corporation.

	Deferred share unit (in thousands) (1)		Weighted average exercise price (1)
Outstanding as at January 1, 2014	-	$	-
Granted	26		0.50
Outstanding as at December 31, 2014	26		0.50
Granted	107		0.59
Outstanding as at December 31, 2015	**133**	**$**	**0.57**

(1) Adjusted to reflect the Share Consolidation.

During the year ended December 31, 2015 the Corporation recorded compensation expense of $27 (2014 - $13) related to the DSUs granted. As at December 31, 2015, a liability of $40 (December 31, 2014 - $13) related to the DSUs granted is included in accrued liabilities (note 13).

(g) Purchase of shares for cancellation pursuant to normal course issuer bid

On October 7, 2015 the Corporation announced its intention to make a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,209 of its Common Shares from October 12, 2015 to October 7, 2016 through the facilities of the TSX Venture Exchange ("Exchange"). During the year ended December 31, 2015, the Corporation purchased 60 Common Shares for cancellation through the facilities of the Exchange pursuant to the NCIB. The excess of the average stated value over the purchase price of shares purchased for cancellation is credited to contributed surplus. The Corporation ceases to consider shares outstanding on the date of purchase of the shares, although the actual cancellation of the shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter.

(In thousands of Canadian dollars, except per share amounts)

17. Segment disclosure

For the year ended December 31, 2015, the Corporation reports operations in two reportable segments: Gas & Power and Home Comfort. The Corporation has chosen to organize the entity around differences in products and service. Substantially all of its revenue for the year ended December 31, 2015 was derived from these two business segments. The balance of revenue was derived from the Energy Efficiency business which does not meet the quantitative thresholds to be disclosed as a separate reportable segment. The revenue for the Energy Efficiency business is disclosed under Corporate & Others.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statement. The Corporation is not considered to have any key customers.

For the year ended December 31, 2015

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 21,906	$ -	$ 1,159	$ 23,065
Cost of sales	18,540	-	817	19,357
Gross margin	3,366	-	342	3,708
Selling	1,857	-	1,692	3,549
General and administrative	1,531	-	2,661	4,192
Operating income (loss) before the undernoted	(22)	-	(4,011)	(4,033)
Change in fair value of derivative instruments	505	-	-	505
Finance income	3	-	39	42
Finance cost	(173)	-	(7)	(180)
Gain (loss) on disposal of equipment	-	-	-	-
Foreign exchange gain (loss)	9	-	(7)	2
Impairment loss on assets	-	-	(1,476)	(1,476)
Income (loss) from continuing operations	322	-	(5,462)	(5,140)
Discontinued operations	-	(4,633)	-	(4,633)
Income (loss) for the period	**$ 322**	**$ (4,633)**	**$ (5,462)**	**$ (9,773)**

For the year ended December 31, 2014

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 6,937	$ -	$ 20	$ 6,957
Cost of sales	5,621	-	-	5,621
Gross margin	1,316	-	20	1,336
Selling	3,411	-	672	4,083
General and administrative	1,962	-	2,892	4,854
Operating loss before the undernoted	(4,057)	-	(3,544)	(7,601)
Change in fair value of derivative instruments	(1,041)	-	-	(1,041)
Finance income	21	-	137	158
Finance cost	(65)	-	(5)	(70)
Gain (loss) on disposal of equipment	(5)	-	-	(5)
Foreign exchange gain (loss)	(25)	-	-	(25)
Loss from continuing operations	(5,172)	-	(3,412)	(8,584)
Discontinued operations	-	(1,428)	-	(1,428)
Loss for the period	$ (5,172)	$ (1,428)	$ (3,412)	$ (10,012)

(In thousands of Canadian dollars, except per share amounts)

Geographic information

Revenue from external customers:

Years ended December 31	2015	2014
Canada	$ 4,756	$ 3,321
United states	18,309	3,636
	$ 23,065	$ 6,957

Non-current assets

Non-current assets consist of energy derivatives, property and equipment, intangible assets and goodwill. The energy derivatives and a portion of goodwill are held in the U.S. All other non-current assets are held in Canada.

18. Expenses

Years ended December 31	2015	2014
Cost of gas and electricity	$ 18,540	$ 5,621
Cost of equipment sales	817	26
Selling cost	812	3,124
Personnel	3,825	3,328
Professional fees	864	735
Litigation costs (note 22(b))	464	646
Occupancy (note 20(a))	198	367
Office and other expenses	917	555
Depreciation and amortization	661	156
	$ 27,098	$ 14,558

Years ended December 31	2015	2014
Reported as		
Cost of sales	$ 19,357	$ 5,621
Selling	3,549	4,083
General and administrative	4,192	4,854
	$ 27,098	$ 14,558

19. Supplemental cash flow information

Change in non-cash operating assets and liabilities consist of the following:

Years ended December 31	2015	2014
Accounts receivable and other receivables	$ (1,156)	$ (1,385)
Inventory	(446)	69
Natural gas delivered in excess of consumption	(153)	(40)
Prepaid expenses and deposits	107	27
Accounts payable and accrued liabilities	3,804	768
Payments received in advance of consumption	(19)	76
	$ 2,137	$ (485)

The consolidated statements of cash flows exclude the following non-cash transactions:

Years ended December 31	2015	2015
Shares issued as consideration in AVACOS asset acquisition (note 9)	$ -	$ 1,726
Shares issued as consideration in PVL acquisition (note 11(a))	385	-
	$ 385	$ 1,726

(In thousands of Canadian dollars, except per share amounts)

20. Related party transactions

(a) Premises sublease

From January to July 2014, the Corporation subleased its head office premises from OZZ Clean Energy Inc. ("OCE"), who is Sunwave's former controlling shareholder and who is a current shareholder of the Corporation. The sublease was for the period from July 2013 to November 2017. For the year ended December 31, 2014, $167 was charged to the Corporation. No amounts were outstanding as of December 31, 2014. On January 20, 2014, the sublease and underlying head lease was amended, at no penalty, to early terminate on July 31, 2014, resulting in a termination of the Corporation's obligations under the sublease as of that date. The Corporation relocated its head office to new premises in July 2014.

As part of the PVL acquisition, the Corporation rented its Vancouver office from the former controlling shareholder of PVL from May 2015 to November 2015. For the year ended December 31, 2015, the Corporation paid rent totaling $17 (2014 - $NIL). The balance outstanding as at December 31, 2015 was $NIL (December 31, 2014 - $NIL).

(b) Electricity revenue

For the year ended December 31, 2015, the Corporation supplied electricity totaling $8 (2014 - $30) to a company that is controlled by the controlling shareholder of OCE, based on the Corporation's standard supply agreement for electricity at a negotiated price per kilowatt hour ("kWh"). The balance outstanding as at December 31, 2015 was $NIL (December 31, 2014 - $NIL).

(c) Compensation of key management personnel

The Corporation's key management personnel are comprised of the Board of Directors and officers of the Corporation.

Years ended December 31	**2015**	2014
Salaries, bonuses, fees, and short-term employee benefits	**$ 1,341**	$ 1,338
Stock-based compensation	**327**	307
	$ 1,668	$ 1,645

21. Income taxes

The provision for income taxes differs from the results that would be obtained by applying consolidated Canadian Federal, Provincial (Ontario), U.S. Federal and State statutory income tax rates to profits or loss from continuing operations before income taxes.

This difference results from the following:

Years ended December 31	**2015**	2014
Loss from continuing operations before income taxes	**$ (5,140)**	$ (8,584)
Statutory income tax rate	**26.5%**	26.5%
Income tax recovery at combined Federal and Provincial rates	**$ (1,362)**	$ (2,275)
Increase (decrease) in income tax resulting from:		
Non-deductible expenses	**202**	305
Change in unrecognized deferred tax assets	**598**	1,755
Variance between Canadian & U.S. tax rate applicable to U.S earnings and other	**562**	215
Income tax expense	**$ -**	$ -

(In thousands of Canadian dollars, except per share amounts)

Deferred tax assets have not been recognized for the following:

Years ended December 31	2015	2014
Non-capital tax loss carry-forwards	**$ 46,499**	$ 45,698
Other	**31**	238
	$ 46,530	$ 45,936

Deferred taxes, in respect of the Corporation's loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Corporation has the following Federal non-capital income tax losses from continuing operations, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2026	$ 403
2028	8,987
2029	115,583
2030	5,749
2031	20,449
2032	4,970
2033	5,613
2034	8,397
2035	2,176
	$ 172,327

22. Commitments and contingencies

(a) Commitments

The minimum payments required under the terms of non-cancellable operating leases are as follows:

December 31, 2015

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 198	$ 776	$ 29	**$ 1,003**
Non-cancellable sublease	(135)	(393)	-	**(528)**
	$ 63	**$ 383**	**$ 29**	**$ 475**

December 31, 2014

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 139	$ 688	$ 144	$ 971
Non-cancellable sublease	(87)	(457)	-	(544)
	$ 52	$ 231	$ 144	$ 427

(b) Contingencies

(i) Statement of Claim against certain former directors and officers of Look:

On July 6, 2011, the Corporation issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and certain former officers of Look in connection with the payment of approximately $20,000 of "restructuring awards" accrued in fiscal 2009 and paid during the first quarter of fiscal 2010 (the "Sale Awards"), of which approximately $15,700 was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64,000 realized by the Corporation on the sale of its spectrum license in 2009. The former officers and directors named in the Claim collectively resigned effective July 21, 2010.

The defendants delivered Statements of Defence in the spring of 2013. The defendants, other than Mr. Dolgonos and DOL Technologies Inc., also issued Third Party Claims against Stikeman Elliott LLP and one of its lawyers (collectively, "Stikeman Elliott"). Stikeman Elliott delivered Statements of Defence to the Third Party Claims. The parties exchanged Affidavits of Documents in late 2013 and early 2014. Examinations for discovery began in February 2014 and are completed.

The parties participated in a mediation on July 30 and 31, 2014 with the Honorable George Adams Q.C. The mediation did not result in a settlement.

A pre-trial was to have taken place on September 4, 2014. As the judge was not available, the pre-trial was rescheduled for October 1, 2014. At the pre-trial, the Court set a schedule for the parties to complete preparation for trial by the end of December, 2014.

On February 2, 2015 the Court scheduled the action for a 6 week trial beginning November 9, 2015. Both the date for, and duration of, a trial would be changed, however, due to the Corporation reaching the Proposed Settlement (described below) with certain but not all of the defendants. The only defendants not party to the Proposed Settlement are the Corporation's former CEO Gerald McGoey and his personal service company Jolian Investments Limited.

On October 14, 2015 the Corporation reached a conditional settlement (the "Proposed Settlement"), subject to Court approval, with certain defendants to the Claim. The Proposed Settlement is subject to Court approval, and all amounts due under the terms of the Proposed Settlement will only be released to the Corporation upon receipt of such Court approval of the terms and conditions of the Proposed Settlement. The trial scheduled to start on November 9, 2015 will be rescheduled after the Court reviewed the Proposed Settlement. The Court convened to review the proposal on November 19, 2015, however did not issue a decision on the Proposed Settlement and has not scheduled a new trial date.

The Corporation also issued a Statement of Claim against McMillan LLP ("McMillan") on August 20, 2012 (the "McMillan Claim"). The McMillan Claim seeks recovery of the advances paid in June of 2010 in the amount of $1,550, which were paid to McMillan and other law firms before the former directors and officers resigned on July 21, 2010. The Corporation has received a defence from McMillan. McMillan participated in the mediation with Mr. Adams and the other defendants in the Corporation's action against its former officers and directors. On November 18, 2015, the Corporation reached a conditional settlement with McMillan ("McMillan Settlement") that is contingent on the Court approval of the Proposed Settlement.

On March 1, 2016, the Ontario Superior Court of Justice released a decision approving the Proposed Settlement by which the Corporation will recover, along with the McMillan Settlement, a total of $7,175.

The Proposed Settlement does not include the Corporation's former CEO Gerald McGoey and his personal service company Jolian Investments Limited (collectively the "McGoey Defendants"). The Claim against the McGoey Defendants will be limited to their proportionate and several liability for up to a maximum of $5,600 (being the amounts they received from the Corporation) plus the McGoey Defendants' proportionate and several share of amounts paid by the Corporation as advances to law firms for the payment of legal fees and expenses. The Corporation will continue to vigorously pursue this Claim against the McGoey Defendants.

(ii) In the normal course of its operations, the Corporation may be subject to other litigation and claims.

(iii) The Corporation indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Corporation, and maintains liability insurance for its directors and officers.

(iv) Gas & Power is subject to a participation payment to Shell Energy (note 14) upon certain triggering events occurring.

23. Management of capital

The Corporation's overall strategy with respect to management of capital is to maintain financial flexibility to support profitable growth and expansion into new markets. ONEnergy considers capital to be primarily cash, credit facility, long-term debt and shareholders' equity.

The Corporation invests its capital in high-return bank accounts to obtain adequate returns; targeted asset acquisitions and new infrastructure to support expansion into new markets. During 2014 and 2015, the Corporation used a combination of cash, credit facility financing, long-term debt financing, issuance of shares and grants of stock compensation to meet its investment strategy. The investment decision is based on cash management to ensure working capital is available to meet the Corporation's short-term obligations while maximizing liquidity and returns of unused capital.

24. Financial instruments and risk management

The Board of Directors has overall responsibility for the determination of the Corporation's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies by the Corporation's management. Periodically throughout the year, the Board of Directors receive reports from the Corporation's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Corporation's competitiveness and flexibility. The Corporation's activities expose it to a variety of market risks, principally from fluctuating commodity prices in Gas & Power. The Corporation has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. The Corporation maintains commodity risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated fluctuations in earnings caused by market price volatility. Further details regarding these policies are set out below.

Risk management

The main risks arising from the Corporation's financial instruments are commodity pricing and mark-to-market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposure that occur in the normal course of business and are managed on a consolidated basis.

Commodity pricing and mark-to-market risk

The Corporation purchases both physical energy commodities, such as natural gas, and financially settled energy instruments such as electricity swap contracts. These commodity products are subject to market fluctuations based upon market supply and demand for such products. The Corporation experiences fluctuations in the unrealized valuation of its contracts to purchase energy commodities. The Corporation is also subject to cancellations by customers that may leave the Corporation with an excess of commodity supply, which may have to be sold into the open market at an indeterminate price. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Corporation's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Corporation enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Corporation to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Corporation.

The fair values of the Corporation's financial instruments are significantly influenced by the variability of forward spot prices for electricity and natural gas. Period to period changes in forward spot prices could cause significant changes in the mark to market valuation ("MTM valuation") of these contracts. If forward spot prices increased by 10%, loss for the period would have been $922 lower, whereas if forward spot prices decreased by 10%, loss for the period would have been $921 higher, primarily as a result of the change in fair value of the Corporation's derivative instruments.

(In thousands of Canadian dollars, except per share amounts)

Credit risk

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its obligations. Financial instruments, which are potentially subject to credit risk for the Corporation, consist primarily of cash and accounts and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

The LDCs provide billing & collection services and assume the risk of any bad debts from customers for a fee. Therefore, the Corporation receives the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Corporation is minimal. For SHC, in markets where LDCs do not provide billing & collection services for a fee, the customer is billed directly by SHC. The Corporation's customers are individually insignificant and geographically dispersed. The Corporation currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote.

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency ("CRA"). Refundable taxes are subject to review by the CRA, which may delay receipt. Management believes the risk of the CRA failing to deliver payment to the Corporation is minimal.

The Corporation's maximum exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

Years ended December 31	2015	2014
Accounts and other receivables		
Current	$ 3,495	$ 2,180
31- 90 days	168	81
Over 90 days	86	147
	$ 3,749	$ 2,408

The Corporation's maximum assessed exposure to credit risk, as at December 31, 2015 and 2014, is the carrying value of its accounts and other receivables.

Liquidity risk

Liquidity risk is the risk the Corporation will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Corporation's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Corporation's financial liabilities are comprised of its accounts payable and accrued liabilities, payments received in advance of consumption, derivative instruments, credit facility, financial leases, long-term debt and commitments. The payments due by period, excluding liabilities relating to assets classified as held for sale, are set out in the following table:

(In thousands of Canadian dollars, except per share amounts)

As at December 31, 2015

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 7,181	$ -	$ -	**$ 7,181**
Payments received in advance of consumption	248	-	-	**248**
Credit facility	1,088	-	-	**1,088**
Energy derivatives	8,761	1,491	-	**10,252**
Program fees	750			**750**
Commitments	63	383	29	**475**
Finance lease obligation	8	-	-	**8**
	$ 18,099	**$ 1,874**	**$ 29**	**$ 20,002**

As at December 31, 2014

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 3,134	$ -	$ -	$ 3,134
Payments received in advance of consumption	267	-	-	267
Credit facility	621	-	-	621
Energy derivatives	3,608	2,305	-	5,913
Commitments	52	231	144	427
Finance lease obligation	34	8	-	42
Long-term debt	2,929	11,719	8,577	23,225
	$ 10,645	$ 14,263	$ 8,721	$ 33,629

Derivative financial instruments

The Corporation has fixed-for-floating electricity swaps and gas forward contracts that are considered financial instruments. The fair value of financial instruments is the estimated amount that the Corporation would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Corporation has estimated the value of these contracts using a discounted cash flow method which employs market forward curves. The market forward curves are sourced from third parties.

At December 31, 2015, the Corporation had the following financial instruments classified as fair value through profit and loss:

Fixed-for-floating electricity swaps - Canada

Notional volumes (on-peak/off-peak)	20,457 MWh / 16,836 MWh
Total remaining notional volume	37,293 MWh
Maturity dates	January 31, 2016 to December 31, 2018
Fixed price per MWh (in dollars)	$24.04 to $47.34
Fair value favourable/(unfavourable)	$(294)
Notional value	$972

(In thousands of Canadian dollars, except per share amounts)

Fixed-for-floating electricity swaps – U.S.

Notional volumes (on-peak/off-peak)	59,621 MWh / 59,134 MWh
Total remaining notional volume	118,755 MWh
Maturity dates	January 31, 2016 to February 28, 2018
Fixed price per MWh (in U.S. dollars)	$27.65 to $64.00
Fair value favourable/(unfavourable)	$17
Notional value	$5,571

Natural gas forward contracts - Canada

Total remaining notional volume	324,981 GJ
Maturity dates	March 31, 2016 to February 28, 2019
Fixed price per GJ (in dollars)	$2.90 to $4.55
Fair value favourable/(unfavourable)	$(305)
Notional value	$928

Change in fair value of derivative instruments

Years ended December 31	**2015**	2014
Fixed-for-floating electricity swaps	**$ 534**	$ (632)
Natural gas forward contracts	**(29)**	(409)
	$ 505	$ (1,041)

Fair Values

IFRS 7 Financial Instruments: Disclosures requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The following tables illustrates the classification of financial assets / (liabilities) in the FV hierarchy.

As at December 31, 2015	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 1,176	$ -	$ -	$ 1,176
Restricted cash	2,603	-	-	2,603
Accounts and other receivables	-	3,749	-	3,749
Energy derivatives	-	-	127	127
Financial liabilities				
Accounts payable and accrued liabilities	-	(7,181)	-	(7,181)
Payments received in advance of consumption	-	(248)	-	(248)
Obligation under finance lease	-	(8)	-	(8)
Credit facility	-	(1,088)	-	(1,088)
Energy derivatives	-	-	(698)	(698)
Long-term debt	-	-	-	-
	$ 3,779	**$ (4,776)**	**$ (571)**	**$ (1,568)**

(In thousands of Canadian dollars, except per share amounts)

As at December 31, 2014	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 7,781	$ -	$ -	$ 7,781
Restricted cash	2,312	-	-	2,312
Accounts and other receivables	-	*2,408*	-	*2,408*
Financial liabilities				
Accounts payable and accrued liabilities	-	(3,134)	-	(3,134)
Payments received in advance of consumption	-	(267)	-	(267)
Obligation under finance lease	-	(40)	-	(40)
Credit facility	-	(621)	-	(621)
Energy derivatives	-	-	(1,009)	(1,009)
Long-term debt	-	(16,461)	-	(16,461)
	$ 10,093	$ (18,115)	$ (1,009)	$ (9,031)

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of:

(i) discount for lack of marketability up to 1.5%. Discount for lack of marketability represents the amounts the Corporation has determined that market participants would take into account when pricing these derivative instruments;

(ii) discount for counterparty non-performance risk in the range of 0.19% to 0.34%; and

(iii) discount rate of 7%.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the periods ended:

Years ended December 31	**2015**	2014
Balance, beginning of period	**$ (1,009)**	$ 30
Gains (losses)	**(154)**	(62)
Purchases	**(234)**	(909)
Settlements	**826**	(68)
Balance, end of period	**$ (571)**	$ *(1,009)*

Classification of financial assets and liabilities

The following table represents the carrying amounts and fair values of financial assets and financial liabilities measured at amortized cost.

As at December 31, 2015	*Carrying amount* and fair value
Cash	**$ 1,176**
Restricted cash	**2,603**
Accounts and other receivables	**3,749**
Energy derivatives	**127**
Accounts payable and accrued liabilities	**(7,181)**
Payments received in advance of consumption	**(248)**
Obligation under finance lease	**(8)**
Credit facility	**(1,088)**
Energy derivatives	**(698)**
Long-term debt	**-**

As at December 31, 2014	Carrying amount and fair value
Cash	$ 7,781
Restricted cash	2,312
Accounts and other receivables	2,408
Accounts payable and accrued liabilities	(3,134)
Payments received in advance of consumption	(267)
Obligation under finance lease	(40)
Credit facility	(621)
Energy derivatives	(1,009)
Long-term debt	(16,461)

As at December 31, 2015 and 2014, the carrying value of cash, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, payments in advance of consumption and credit facility approximates their fair value due to their short-term nature. The carrying value of obligation under finance lease and the long-term debt approximates its fair value as its interest payable on outstanding amounts approximates the Corporation's current cost of debt.

Interest rate risk

The Corporation is exposed to interest rate fluctuations associated with its floating rate credit facility. The Corporation's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Corporation does not currently believe that it is exposed to material interest rate risk.

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of the Corporation's U.S. operations.

Although the Corporation is headquartered in Ontario, the majority of the Corporation's customers and revenues are in the U.S. A material portion of ONEnergy's income is generated in U.S. dollars and will be subject to currency fluctuations. As a result of the Corporation's continued expansion of its U.S. operations, ONEnergy expects to have a greater exposure to U.S. currency fluctuations than in prior years.

ONEnergy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged. With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended December 31, 2015, assuming that all the other variables had remained constant, other comprehensive loss would have been $79 higher/lower (2014 - $113 lower/higher).

Exhibit C-2 "SEC Filings"

The applicant is an indirect subsidiary of a Canadian company listed on the TSX Venture Exchange in Ontario. As the parent company is not listed on any stock exchanges regulated by the SEC, it is not required to file with the SEC. Please find attached the 2016 Q1 interim financial statements and Management's Discussion & Analysis thereon, which were filed with the Ontario Securities Commission

Exhibit C-3 Financial Statements

See Exhibit C-3

Sunwave USA Holdings Inc. dba Sunwave Gas & Power Ohio Inc.
Balance Sheet
As at December 31, 2016
Stated in U.S. dollars

ASSETS	
Current Assets	
Cash and cash equivalents	1,676
Restricted Cash	33,689
Accounts and other receivables	9,907
Inventory	
Natural gas delivered in excess of consumption	
Prepaid expenses and deposits	
Current portion of energy derivative asset	
Total current assets	45,271
Non-Current Assets	
Energy derivative asset	
Property and equipment	
Intangible asset	
Goodwill	
Investment in subsidiaries	
Total non-current assets	
Total assets	45,271
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	7,100
Payments received in advance of consumption	
Credit Facility	
Current portion of obligation under finance lease	
Current portion of energy derivative liability	330
Current portion of long-term debt	
Due to related party	
Intercompany payable (receivable)	46,682
Total current liabilities	54,112
Non-Current Liabilities	
Obligation under finance lease	
Energy derivative liability	
Long-term debt	
Total non-current liabilities	
Total liabilities	54,112
SHAREHOLDERS' EQUITY	
Share capital	1,000
Contributed Surplus	
Accumulated other comprehensive income	61
Deficit	(9,902)
Total shareholders' equity	(8,841)
Total liabilities and shareholders' equity	45,271

Sunwave USA Holdings Inc. dba Sunwave Gas & Power Ohio Inc.
Income Statement
For the year ended December 31, 2016
Stated in U.S. dollars

Revenue	**12,040**
Cost of sales	**10,950**
Gross margin	**1,090**
Customer acquisition	
Customer service	
Sales & marketing	**438**
Operations	**62**
People costs	
Litigation	
Legal	
Professional fees	**1,872**
Consulting fees	
Occupancy	
Insurance	
Travel & entertainment	
Office & general	**5**
Public company costs	
Settlement	
Total expenses	**2,377**
Adjusted EBITDA	**(1,287)**
Depreciation & amortization	
Change in fair value of derivative instruments	**(330)**
Finance cost	**(286)**
Finance income	**105**
Gain (loss) on disposal	
Impairment of assets	
Foreign exchange gain (loss)	
Gain on legal settlement	
Cost allocation	**-**
Net income (loss) before income taxes	**(1,798)**
Income tax recovery (expense)	
Net income (loss)	**(1,798)**
Other comprehensive income (loss)	
Total comprehensive income (loss)	**(1,798)**

Exhibit C-4 "Financial Arrangements

At this time, Sunwave USA Holdings Inc., has posted with OH Utilities the following:

OH - Duke	$13,500.00
OH - Ohio Power Company	$57,000.00
First Energy	$250,000.00

139 East Fourth
EM740
Cincinnati, Ohio 45202

March 20, 2017

Sunwave Gas and Power has the following amount held with Duke Energy for Collateral as of March 20, 2017.

Electric Energy Collateral = $13,500

Sunwave Gas and Power has met the Collateral obligations for Duke Energy Corporation.

Donna Burns
Duke Energy Corp
Certified Supplier Business Center
Donna.Burns@Duke-Energy.com

AEP OHIO
A unit of American Electric Power

AEP Ohio
155 W. Nationwide Blvd
Columbus, OH 43215

March 21, 2017

Sunwave USA Holdings Inc.
Attn: Laura Jurasek
Suite 301
155 Gordon Baker Road
Toronto, ON, Canada M2H 3N5

Re: Sunwave USA Holdings Inc ("CRES Supplier")/CRES Supplier Contact: Laura Jurasek.
CRES Supplier's posted collateral in the form of a letter of credit as of July 18, 2016.

To CRES Supplier:

In reference to the following specific provisions of Ohio Power Company's Distribution Tariff filed pursuant to Order dated January 30, 2013 in Case Nos. 11-346-EL-SSO and 11-348-EL-SSO, namely Paragraph 31, Section: *Supplier Terms and Conditions of Service*, Paragraph 10, Section: *CRES Provider Credit Requirements* (See 1st Revised Sheets Nos. 103-32D and 33D of PUCO No. 20 Terms and Conditions of Open Access Distribution Service) and CRES Supplier's available load data through February 28, 2017, AEP Ohio has undertaken a limited review of posted collateral through this date, subject to the limitations set forth below, and AEP Ohio believes that the CRES Supplier is current with the specifically identified collateral requirements through February 28, 2017.

Please note AEP Ohio is not undertaking a separate review of CRES Supplier's financial wherewithal, the status of pending invoices or invoices for amounts that are yet to be billed or due, nor are we evaluating or taking a position as to whether the CRES Supplier will, on a prospective basis, remain in compliance with the identified collateral requirements or other Tariff requirements. This review was limited to the specific collateral requirements identified above, and does not include a review of whether the CRES Supplier is in compliance with any other Tariff requirements or PUCO rules and regulations binding upon CRES suppliers, and further, does not account for any PJM rebillings or settlements that may occur at a later time.

This letter is effective only as of the date hereof, and we are not assuming any responsibility for updating this letter, nor is AEP Ohio waiving any rights or remedies it may be entitled to under Ohio law, its Tariff or any CRES Supplier agreements. This letter is intended solely for the benefit of the addressees and may not be relied upon by such addressees or any other person or entity for any other purpose.

Sincerely,

Diana Love

Diana Love
Credit Risk Analyst

FirstEnergy

March 21, 2017

Sunwave Gas & Power
155 Gordon Baker Road, Suite 301
Toronto, ON, Canada M2H 3N5

Re: ***Sunwave USA Holdings Inc., D.b.a. Sunwave Gas & Power Status with FirstEnergy Ohio Utilities (Ohio Edison Company, The Cleveland Electric Illuminating Company, The Toledo Edison Company)***

To Whom It May Concern:

Sunwave USA Holdings Inc., D.b.a. Sunwave Gas & Power, a certified competitive retail electric service provider in Ohio, has satisfied and is currently in compliance with our collateral and security requirements for FE OH Utilities (Ohio Edison, Toledo Edison, and Cleveland Electric)

FirstEnergy Corp.

Martin Massie
Name: Martin Massie
Title: Credit Risk Analyst
Phone: 330-315-6894

Exhibit C-5 "Forecasted Financial Statements

See attached exhibit C-5

Sunwave USA Holdings dba Sunwave Gas & Power Ohio Inc.
Forecasted Financial Statements

	2017	2018
Revenue	1,314,340	4,098,936
COS	1,245,753	3,828,835
Gross Margin	68,587	270,101
Expenses		
Commissions	14,615	38,742
Sales & Marketing	5,074	6,795
EDI	6,778	16,769
TPV	4,434	4,800
P.O.R	7,097	22,134
	37,999	89,239
Operating Income	**30,588**	**180,862**
KPI's		
Customers	1,116	1,826
RCE's	3,665	5,016
MWh	17,724	45,211

Exhibit C-6 "Credit Rating,"

The Applicant does not have a credit rating

Exhibit C-7 "Credit Report,"

Not applicable, the applicant has no credit report history, and the Applicant relies on the credit of its ultimate parent company ONEnergy Inc.

Exhibit C-8 "Bankruptcy Information,"

The Applicant or any parent or affiliate has any history of bankruptcy.

Exhibit C-9 "Merger Information,"

Not applicable

Exhibit C-10 "Corporate Structure,"