Landis+Gyr Holding AG

Zug

Report of the independent auditor to the Board of Directors

on the consolidated financial statements 2016/2017

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Report of the independent auditor

to the Board of Directors of Landis+Gyr Holding AG

Zug

We have audited the accompanying consolidated financial statements of Landis+Gyr Holding AG and its subsidiaries (the “Company”), which comprise the consolidated balance sheet as of 31 March 2017, and the related consolidated statement of operations, statement of comprehensive income, statement of changes in shareholders’ equity and statement of cash flows, for the year then ended.

Managements’ responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. This responsibility includes the design, implementation and maintenance of an internal control relevant to the preparation and fair presentation 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 the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 our 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, we consider internal control relevant to the Company’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 Company’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 March 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The consolidated financial statements of the Company as of 31 March 2016 and for the year then ended were audited by other auditors whose report, dated 1 June 2016, except as to give effect to the transaction and expanded public disclosures as described in Note 2, for which the date is 28 June 2017, expressed an unmodified opinion on those statements.

PricewaterhouseCoopers AG

Rolf Johner

Claudia Muhlinghaus

Zug, 28 June 2017

Enclosure:

- Consolidated financial statements (consolidated statement of operations and the related consolidated statement of comprehensive income, balance sheet, statement of changes in shareholders' equity, statement of cash flows and notes)

Landis+Gyr Holding AG
Consolidated Statements of Operations
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Net revenue	$ 1'659'235	$ 1'573'475
Cost of revenue	1'117'046	1'087'747
Gross profit	542'189	485'728
Operating expenses		
Research and development	162'784	148'354
Sales and marketing	104'698	99'704
General and administrative	184'829	145'284
Amortization of intangible assets	35'131	42'423
Impairment of intangible and long-lived assets	60'000	34'058
Operating income	(5'253)	15'905
Other income (expense)		
Interest income	512	531
Interest expense	(11'185)	(11'848)
Loss on foreign exchange related to intercompany loans, net	(14'333)	(5'561)
Income (loss) before income tax expense	(30'259)	(973)
Income tax expense	(31'800)	(12'500)
Net loss before noncontrolling interests	(62'059)	(13'473)
Net income attributable to noncontrolling interests, net of tax	511	209
Net loss attributable to Landis+Gyr Holding AG Shareholders	$ (62'570)	$ (13'682)
Net income (loss) per share		
Basic and diluted	$ (0.21)	$ (0.05)
Weighted average shares used in computing loss per share:		
Basic and diluted	295'100'000	295'100'000

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

Landis+Gyr Holding AG
Consolidated Statements of Comprehensive Income
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Net loss	$ (62'059)	$ (13'473)
Other comprehensive income (loss):		
Foreign currency translation adjustments	8'095	(2'674)
Pension plan benefits liability adjustments, net of taxes of $(1'813) and $1'734 at March 31, 2017 and March 31, 2016, respectively	28'229	(9'221)
Comprehensive income (loss)	(25'735)	(25'368)
Add: net gain attributable to the noncontrolling interests in subsidiaries	(511)	(209)
Add: foreign currency translation adjustments attributable to the noncontrolling interests	(197)	360
Comprehensive income (loss) attributable to Landis+Gyr Holding AG	$ (26'443)	$ (25'217)

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

Landis+Gyr Holding AG
Consolidated Balance Sheets
(U.S. Dollars in thousands except share data)

ASSETS	March 31, 2017	March 31, 2016
Current assets		
Cash and cash equivalents	$ 101'033	$ 22'092
Accounts receivable, net of allowance for doubtful accounts of $4.7 million and $3.5 million	301'400	302'428
Inventories, net	115'682	116'953
Deferred tax assets	43'881	47'621
Prepaid expenses and other current assets	44'432	136'668
Total current assets	**606'428**	**625'762**
Property, plant and equipment, net	188'832	199'845
Intangible assets, net	425'453	474'206
Goodwill	1'361'167	1'421'350
Deferred tax assets	9'369	28'121
Other long-term assets	34'190	35'063
Total assets	**$ 2'625'439**	**$ 2'784'347**
LIABILITIES AND EQUITY		
Current liabilities		
Trade accounts payable	$ 144'199	$ 153'587
Accrued liabilities	37'000	45'157
Warranty provision	43'780	32'893
Payroll and benefits payable	76'637	73'908
Loans payable	12'890	17'646
Current portion of shareholder loans	215'000	96'150
Deferred tax liabilities	31	-
Tax payable	16'171	4'683
Other current liabilities	66'542	62'328
Total current liabilities	**612'250**	**486'352**
Shareholder loans	-	215'000
Warranty provision - non current	7'954	58'750
Pension and other employee liabilities	65'161	101'147
Deferred tax liabilities	95'275	142'791
Tax payable	28'703	21'109
Other long-term liabilities	83'457	29'359
Total liabilities	**892'800**	**1'054'508**
Commitments and contingent liability - Note 18		
Equity		
Landis+Gyr Holding AG shareholders' equity		
Registered ordinary shares (295'100'000 authorized, issued and oustanding at March 31, 2017 and March 31, 2016, respectively).	309'050	309'050
Additional paid-in capital	1'465'595	1'437'078
Retained earnings	9'350	71'920
Accumulated other comprehensive loss	(53'930)	(90'057)
Total Landis+Gyr Holding AG shareholders' equity	**1'730'065**	**1'727'991**
Noncontrolling interests	2'574	1'848
Total equity	**1'732'639**	**1'729'839**
Total liabilities and equity	**$ 2'625'439**	**$ 2'784'347**

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

Landis+Gyr Holding AG
Consolidated Statements of Changes in Shareholders' Equity
(U.S. Dollars in thousands, except for shares)

	Registered ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Landis+Gyr Holdings AG equity	Noncontrolling interests	Total equity
Balance at March 31, 2015	**295'100'000**	**$ 309'050**	**$ 1'437'078**	**$ 85'602**	**$ (78'522)**	**$ 1'753'208**	**$ 1'999**	**$ 1'755'207**
Net income (loss)	-	-	-	(13'682)	-	(13'682)	209	(13'473)
Foreign currency translation adjustments net of income tax expense	-	-	-	-	(2'314)	(2'314)	(360)	(2'674)
Pension plan benefits liability adjustment, net of income tax expense	-	-	-	-	(9'221)	(9'221)	-	(9'221)
Balance at March 31, 2016	**295'100'000**	**$ 309'050**	**$ 1'437'078**	**$ 71'920**	**$ (90'057)**	**$ 1'727'991**	**$ 1'848**	**$ 1'729'839**
Net income (loss)	-	-	-	(62'570)	-	(62'570)	511	(62'059)
Foreign currency translation adjustments net of income tax expense	-	-	-	-	7'898	7'898	197	8'095
Pension plan benefits liability adjustment, net of income tax expense	-	-	-	-	28'229	28'229	-	28'229
Capital contribution	-	-	34'900	-	-	34'900	-	34'900
Business combination with entity under common control	-	-	(6'383)	-	-	(6'383)	18	(6'365)
Balance at March 31, 2017	**295'100'000**	**$ 309'050**	**$ 1'465'595**	**$ 9'350**	**$ (53'930)**	**$ 1'730'065**	**$ 2'574**	**$ 1'732'639**

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

Landis+Gyr Holding AG
Consolidated Statements of Cash Flows
(U.S. Dollars in thousands)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Cash flow from operating activities		
Net loss	$ (62'059)	$ (13'473)
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	96'174	109'957
Impairment of intangible and long-lived assets	60'000	34'058
Accumulated interest on shareholder loans	9'419	10'083
Loss on disposal of property, plant and equipment	518	465
Effect of foreign currencies translation on non-operating items, net	7'349	2'127
Change in allowance for doubtful accounts	736	1'556
Deferred income tax	(26'899)	(12'857)
Change in operating assets and liabilities, net of effects of businesses acquired and effect of changes in exchange rates:		
Accounts receivable	(16'083)	(27'362)
Inventories	(2'679)	4'881
Trade accounts payable	8'742	(25'590)
Interest payment on shareholder loans	(9'481)	(10'112)
Other assets and liabilities	29'352	45'492
Net cash provided by operating activities	95'089	119'225
Cash flow from investing activities		
Payments for property, plant and equipment	(42'276)	(43'613)
Payments for capitalized software	(549)	(178)
Proceeds from the sale of property, plant and equipment	614	4'303
Business acquisitions	(4'700)	-
Net cash used in investing activities	(46'911)	(39'488)
Cash flow from financing activities		
Proceeds from capital contribution	34'900	-
Proceeds from (Repayment of) borrowings to third party facility	(5'594)	24'288
Proceeds from shareholders and related party facility	177'074	132'782
Repayment of borrowings to shareholders and related party facility	(174'920)	(232'856)
Net cash provided by (used in) financing activities	31'460	(75'786)
Net increase (decrease) in cash and cash equivalents	**79'638**	**3'951**
Cash and cash equivalents at beginning of period	22'092	18'471
Effects of foreign exchange rate changes on cash and cash equivalents	(697)	(330)
Cash and cash equivalents at end of period	$ 101'033	$ 22'092
Supplemental cash flow information		
Cash paid for income tax	$ 41'849	$ 16'937
Cash paid for interest	$ 10'984	$ 11'232

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

Landis+Gyr Holding AG
Notes to Consolidated Financial Statements

Note 1: Description of Business and Organization

Description of Business

Landis+Gyr Holding AG ("Landis+Gyr") and subsidiaries (together, the "Company") form a leading global provider of electricity metering products and solutions to utilities. The Company is organized in a geographical structure, which corresponds to the regional segments of the Americas, EMEA, and Asia Pacific. Landis+Gyr offers a comprehensive portfolio of products, solutions and services, including meters, related devices, communications technologies and software applications that are essential to the measurement and management of energy distribution and consumption. Landis+Gyr is 60% owned by Toshiba Corporation and 40% owned by Innovation Network Corporation of Japan.

Organization

Landis+Gyr has been a leader in the electric meter market since its foundation in 1896 in Zug, Switzerland, as the Elektrotechnisches Institut Theiler & Co. In 1904, founder Richard Theiler appointed engineer Heinrich Landis as his successor. After partnering with Dr. Karl Heinrich Gyr in 1905, the Company assumed its longstanding name of Landis & Gyr. In 1998 Landis & Gyr was acquired by Siemens who divested the business to financial investors in 2002 under the new name Landis+Gyr.

In 2011, Toshiba Corporation (60%) and Innovation Network Corporation of Japan (40%) acquired Landis+Gyr as an independent growth platform with the sole mission to help the world manage energy better. With operations spanning more than 30 countries and serving all the major utilities in every continent, Landis+Gyr continues, as an independent growth platform within Toshiba.

On February 6, 2013, Toshiba Corporation acquired a 100% equity interest in Consert Inc., incorporated in the USA. Consert converts electric consumption in homes and small businesses into cost-effective, clean sources of capacity and energy reserves for utilities. Toshiba Corporation sold certain assets and liabilities of Consert to the Company on November 1, 2016.

The following notes relate to the consolidated financial statements of Landis+Gyr and the combined presentation of Consert for each of the fiscal years ended March 31, 2017, and March 31, 2016.

Note 2: Summary of Significant Accounting Principles

2.1. Basis of Presentation

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the Unites States of America ("US GAAP"). All amounts are presented in United States dollars ("$" or "USD"), unless otherwise stated. The Company's comparative consolidated financial statements have been retrospectively adjusted to include Consert's net assets and related operations for all periods during which the entities were under common control. The Company's consolidated financial statements have been prepared on a going concern basis. The Company's going concern assumption is based on its ability to address near-term refinancing requirements. Refer to the subsequent events footnote (Note 24) for further details.

2.2. Principles of Consolidation

The consolidated financial statements include the accounts of Landis+Gyr Holding AG and its wholly-owned and majority owned subsidiaries. The Company consolidates companies in which it owns or controls more than fifty percent of the voting shares or has the ability to execute direct or indirect control.

The Company presents non-controlling interest of less-than-wholly-owned subsidiaries within the equity section of its consolidated financial statements. At March 31, 2017, and at March 31, 2016, the Company had one less-than-wholly-owned subsidiary in South Africa with an ownership interest of

76.7% in both periods. In addition, at March 31, 2017, the Company had one less-than-wholly-owned subsidiary in the United States of America with an ownership interest of 99.99%

All intercompany balances and transactions have been eliminated.

2.3. Use of Estimates

The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant items subject to such estimates include warranty provisions, allowances for doubtful accounts, valuation allowances for deferred tax assets, valuation of goodwill, valuation of defined benefit obligations, income tax uncertainties and other contingencies and items recorded at fair value including, assets and liabilities obtained in a business combination. Actual results could differ materially from these estimates.

2.4. Revenue Recognition

General

Revenues consist primarily of hardware sales, automated meter reading services ("AMR"), advanced meter infrastructure services, software license fees, and to a lesser extent, fees associated with training, installation, software design services, and post-contract customer support services related to software licenses offered to the Company's customers. Additionally, the Company has limited arrangements in which it purchases metering devices from vendors to be used in its packaged solutions sold to end customers. Such devices are sold at cost with no related margin. In these instances, the Company reports revenue on a gross basis principally because it is the primary obligor to the end customers.

The Company recognizes revenue when (1) persuasive evidence of an arrangement exists; (2) delivery has occurred or services have been rendered; (3) the fee is fixed or determinable; and (4) collectibility is reasonably assured. The Company records deferred revenue when it receives consideration from a customer before achieving certain criteria that must be met for revenue to be recognized in conformity with US GAAP.

Revenues are reported net of customer rebates, volume discounts and similar incentives. Taxes assessed by a governmental authority that are directly imposed on revenue-producing transactions between us and our customers, such as sales, use, value-added and some excise taxes, are excluded from revenues.

The Company's products and services are sold through either standalone product or service arrangements or through multiple element arrangements. The accounting policy for such arrangements is discussed below:

Standalone sales

The majority of the Company's revenues are derived from standalone sales of products or services. In a standalone product sale, the Company sells meters to a customer without any other deliverables. In a standalone service sale, the Company provides installation or other services to a customer without any further deliverables.

Revenue from product sales, when sold on a standalone basis, is generally recognized at the time of the shipment, receipt by customer, or, if applicable, upon completion of customer acceptance provisions depending on the transfer of title as stipulated in the contract.

Revenues earned from AMR are generally based on the number of meters read on a monthly basis, multiplied by a contract-specific read fee.

Revenue from service transactions, when sold on a standalone basis, is recognized as the services are performed, or ratably over the term of the support period.

Multiple element arrangements
In addition to standalone product or service sales, the Company enters into multiple element arrangements, which are commonly a part of an advanced metering solution. Typically, such arrangement would incorporate a mixture of the following deliverables:

- software license fees;
- software design services;
- post-contract customer support services;
- meters;
- concentrators;
- AMR services; and,
- installation of meters and concentrators.

The accounting for the Company's multiple element arrangements varies depending on whether the arrangements incorporate a software element, which is further described below:

Multiple element arrangements excluding a software element
For multiple element arrangements excluding a software element, the elements are divided into separate units of accounting if the delivered item(s) (1) have value to the customer on a standalone basis, and (2) if the customer has a general right of return relative to the delivered item, the delivery/performance of the undelivered item(s) is probable and substantially in the control of the Company. The total arrangement consideration is allocated among the separate units of accounting using vendor-specific objective evidence of the selling price, if it exists; otherwise, third-party evidence of the selling price. If neither vendor-specific objective evidence nor third-party evidence of the selling price exists for a deliverable, the Company uses its best estimate of the selling price for that deliverable. Revenues for each deliverable are then recognized based on the type of deliverable, such as 1) when the products are shipped, 2) services are delivered, 3) percentage-of-completion when implementation services are essential to other deliverables in the arrangement, 4) upon receipt of customer acceptance, or 5) transfer of title and risk of loss.

If implementation services are essential to the functionality of the software, software and implementation revenues are recognized using the percentage-of-completion methodology of contract accounting when project costs are reliably estimated. In the unusual instances when we are unable to reliably estimate the cost to complete a contract at its inception, we use the completed contract method of contract accounting. Revenues and costs are recognized upon substantial completion when remaining costs are insignificant and potential risks are minimal.

Under contract accounting, if we estimate that the completion of a contract component (unit of accounting) will result in a loss, the loss is recognized in the period in which it is estimated. We reevaluate the estimated loss through the completion of the contract component and adjust the estimated loss for changes in facts and circumstances.

Multiple element arrangements including a software element
The Company enters into some arrangements that consist of hardware with software elements. In such arrangements, the Company has determined that the software and the non-software components function together to deliver the essential functionality of the hardware elements.

As the Company has historically negotiated the delivery of these arrangements as a packaged solution, the Company does not have vendor-specific objective evidence for any element in these contracts, with the exception of post-contract customer support services based on stated renewal rates. Additionally, the Company does not have third-party evidence of the selling prices as the Company's packaged solutions are unique and tailored to the customer's specifications. Therefore, consistent with the guidance in Accounting Standards Updates ("ASU", or "Update") No. 2009-13, the Company uses an estimated selling price to allocate the consideration in the arrangement to each deliverable. Post-contract customer support services revenues are recognized ratably over the associated service period.

Shipping and handling costs are recorded as cost of revenue and amounts billed to customers for shipping and handling costs are recorded in revenue in the consolidated statements of operations.

2.5. Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity or remaining maturity at the date of purchase of three months or less to be cash equivalents.

2.6. Derivative Instruments

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates. The Company uses derivative financial instruments, primarily foreign currency forward contracts, to economically hedge specific substantial foreign currency payments and receipts. Derivatives are not used for trading or speculative purposes.

The Company enters into foreign exchange derivative contracts to economically hedge the risks associated with foreign currency transactions and minimize the impact of changes in foreign currency exchange rates on earnings. Derivative instruments that the Company uses to economically hedge these foreign denominated contracts include foreign exchange forward contracts. Revaluation gains and losses on these foreign currency derivative contracts are recorded within cost of revenue within in the consolidated statements of operations.

All derivative instruments are recorded on the consolidated balance sheets at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The Company does not apply hedge accounting and, therefore, changes in the fair value of all derivatives are recognized in cost of revenue during the period. The fair value of derivative instruments is presented on a gross basis, even when the derivative instruments are subject to master netting arrangements. Cash collateral payables and receivables associated with derivative instruments are not added to or netted against the fair value amounts. The Company classifies cash flows from its derivative programs as cash flows from operating activities in the consolidated statement of cash flows.

The fair values of the Company's derivative instruments are determined using the fair value measurements of significant other observable inputs, as defined by ASC 820, "Fair Value Measurements and Disclosures". The Company uses observable market inputs based on the type of derivative and the nature of the underlying instrument. When appropriate, the Company adjusts the fair values of derivative instruments for credit risk, which is a risk of loss due to the failure by either the Company or counterparty to meet its contractual obligations, considering the credit risk of all parties, as well as any collateral pledged.

There were no outstanding derivative financial instruments included in the consolidated balance sheets as of March 31, 2017 and as of March 31, 2016.

2.7. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily accounts receivable, cash and cash equivalents, and derivative instruments.

The Company performs ongoing credit evaluations of its customers and does not require collateral from its customers. The Company receives certain of its components from sole suppliers. Additionally, the Company relies on a limited number of contract manufacturers and suppliers to provide manufacturing services for its products. The inability of a contract manufacturer or supplier to fulfill supply requirements of the Company could materially impact future operating results.

The Company maintains cash and cash equivalents with various financial institutions that management believes to be of high credit quality. These financial institutions are located in many different locations throughout the world. The Company's cash equivalents are primarily comprised of cash deposited in checking and money market accounts. Deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk.

The amount subject to credit risk related to derivative instruments is generally limited to the amount, if any, by which a counterparty's obligations exceed the obligations of the Company with that counterparty.

2.8. Fair Value Measurement

The Company accounts for certain assets and liabilities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, emphasizing that fair value is a market-based measurement and not an entity-specific measurement. These valuation techniques include the market approach, income approach and cost approach. The income approach involves converting future cash flows to a single present amount. The measurement is valued based on current market expectations about those future amounts. The market approach uses observable market data for identical or similar assets and liabilities while the cost approach would value the cost that a market participant would incur to develop a comparable asset.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels within the fair value hierarchy are described as follows:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The fair value measurement involves various valuation techniques and models, which involve inputs that are observable, when available, and include the following significant financial instruments: derivative financial instruments, and long-term debt.

2.9. Accounts Receivable and Allowances for Doubtful Accounts

Trade accounts receivable are initially recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for probable losses inherent in its trade accounts receivable portfolio at the balance sheet date. The allowance is maintained at a level the Company considers to be adequate and is based on ongoing assessments and evaluations of the collectibility and historical loss experience of accounts receivable. The allowance is established through the provision for doubtful accounts, which is charged to income. Credit losses are charged and recoveries are credited to the allowance. Account balances are written-off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

The allowance is based on the Company's review of the historical credit loss experience and such factors that, in management's judgment, deserve consideration under existing economic conditions in estimating probable credit losses. Management considers, among other factors, historical losses, current receivables aging as appropriate, periodic credit evaluation of its customers' financial condition, and existing industry and national economic data.

From time to time, the Company may sell certain accounts receivable to third party financial institutions under the factoring arrangements with these financial institutions.

Under the terms of these agreements the Company transfers the receivables in an outright sale, with no recourse, and no continued involvement with the assets transferred. The Company records such transfers as sales of accounts receivable when it is considered to have surrendered control of such receivables.

2.10. Inventories

Inventories are stated at the lower of cost (which approximates cost determined on a weighted average basis) or net realizable value. The stated costs include direct materials, labor, and an appropriate portion of fixed and variable overhead expenses, and are assigned to inventories using the weighted average method. The Company writes down the value of inventories for estimated excess and obsolete inventories based upon assumptions about future demand and market conditions.

2.11. Property, Plant & Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are recognized on a straight-line basis over the estimated useful life of the related asset, with the exception of leasehold improvements which are amortized over the shorter of the asset's useful life or the term of the lease, and network equipment which is depreciated over the shorter of the useful life of the asset or the life of the customer contract under which the equipment is deployed. The estimated useful lives are as follows:

	Years
Land	no depreciation
Buildings	20-40
Network equipment	5-10
Machinery and equipment	5-10
Vehicles and other equipment	3-10
Construction in progress	no depreciation

Repairs and maintenance are expensed as incurred, while major renovations and improvements are capitalized as property, plant and equipment and depreciated over their estimated useful lives. Gains or losses on disposals are included in the results of operations at amounts equal to the difference between the net book value of the disposed assets and the proceeds received upon disposal.

2.12. Accounting for Business and Asset Acquisitions

The Company evaluates each transaction in order to determine if the assets acquired constitute a business. The evaluation consists of consideration of the inputs, processes, and outputs acquired. For assets acquired in transactions that do not meet the definition of a business, the full fair value of the consideration given is allocated to the assets acquired based on their relative fair values, and no goodwill is recognized.

The Company uses the acquisition method of accounting to account for business combinations. The Company allocates the purchase price to the assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition, including intangible assets that can be identified. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired. Among other sources of relevant information, the Company uses independent appraisals and actuarial or other valuations to assist in determining the estimated fair values of the assets and liabilities acquired.

2.13. Goodwill

Goodwill is tested for impairment in the fourth quarter of each fiscal year or more often if an event or circumstance indicates that an impairment may have occurred.

When evaluating goodwill for impairment, the Company uses either a qualitative or quantitative assessment method for each reporting unit. The qualitative assessment involves determining, based on an evaluation of qualitative factors, if it is more likely than not that the fair value of a reporting unit is less than its carrying value. If, based on this qualitative assessment, it is determined to be more likely than not that the reporting unit's fair value is less than its carrying value or the Company elects not to perform the qualitative assessment for a reporting unit, the Company proceeds to perform a quantitative impairment assessment.

The Company decided to early adopt the simplified quantitative impairment test, prescribed by ASU 2017-14 (described in note 2.24) for the impairment test performed in the fourth quarter of the fiscal year 2016. For fiscal year 2015, the Company applied the two-step quantitative impairment test.

The simplified quantitative impairment test, performed in March 2017 for the fiscal year 2016, compares the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the Company records an impairment charge equal to the difference.

For fiscal year 2015, in applying the two-step quantitative impairment test the Company calculates the fair value of a reporting unit (based on the income approach whereby the fair value of a reporting unit is calculated based on the present value of future cash flows) and compares it to the reporting unit's carrying value. If the carrying value of the net assets of a reporting unit exceeds the fair value of the reporting unit, then the Company performs the second step of the impairment test to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, the Company records an impairment charge equal to the difference.

2.14. Intangible Assets with Finite Lives

Intangible assets with finite lives, principally customer relationships, are amortized on a straight-line basis over their estimated useful lives, ranging from 3 to 20 years, which management has determined is the methodology best reflective of the expected benefits arising from the intangibles. The Company believes that the straight-line method is appropriate as these relationships are generally distributed over a long period of time and historical experience from each acquired entity has indicated a consistent buying pattern with each customer.

Finite lived intangible assets and property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Where such indicators exist, the Company first compares the undiscounted cash flows expected to be generated by the asset (or asset group) to the carrying value of the asset (or asset group). If the carrying value of the long-lived asset exceeds the future undiscounted cash flows to be generated by the asset (or asset group), an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and assistance by third-party independent appraisals, as considered necessary.

2.15. Warranty

The Company offers standard warranties on its metering products and its solution products for periods ranging from 1 to 5 years. In rare instances, warranty periods can be further extended based on customer specific negotiations. Standard warranty accruals represent the Company's estimate of the cost of projected warranty claims and are based on historical and projected warranty trends, specific quality issues identified (if any), supplier information and other business and economic projections. If the Company's quality control processes fail to detect a fault in a product, the Company could experience an increase in warranty claims.

The Company tracks warranty claims to identify potential product specific design or quality issues. If an unusual trend is noted, an additional warranty accrual may be recorded when a product failure is probable and the cost can be reasonably estimated. Management continually evaluates the sufficiency of the warranty provisions and makes adjustments when necessary. The calculation of the warranty accrual requires management to make estimates with respect to projected failure rates, as well as material, labor and other cost to be incurred in order to satisfy the Company's warranty commitments. As a result, actual warranty costs incurred in the future could differ significantly from the accrual. The long-term warranty balance includes estimated warranty claims beyond one year. Warranty expense is included within cost of revenues in the consolidated statements of operations.

2.16. Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs arising from claims, assessments, litigation, fines, penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. In determining the liability for loss contingencies, the Company evaluates, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of the ultimate loss. Changes in these factors and related estimates could materially affect the Company’s financial position, results of operations, and cash flows.

The Company has asset retirement obligations (“ARO”) arising from contractual requirements to remove certain leasehold improvements at the time that the Company vacates leased property. The liability is initially measured on the date of executing the lease agreement at fair value, and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. In determining the fair value of the ARO, the Company has considered, among other factors, the estimated cost to remove the assets based on consultations with, and written estimates from, third party contractors, the expected settlement dates, ranging from fiscal year ending March 31, 2018 to 2026, and an effective interest rate, which for the Company is driven based on the credit-adjusted risk-free rate. The corresponding AROs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the shorter of the asset’s remaining useful life or the lease term. The Company classifies such liabilities in other long-term liabilities on the consolidated balance sheets.

Legal costs incurred in connection with loss contingencies are recognized at the time that the contingent loss has been recorded to the extent the amount of legal expense is estimable.

Accruals for estimated losses from environmental remediation obligations, excluding AROs, generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Recoveries of environmental remediation costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related environmental liability.

2.17. Employee Benefit Plans

The Company accounts for employee and retirement benefits in accordance with ASC 715, "Compensation – Retirement Benefits".

Employee benefits

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave, and long service leave when it is probable that settlement will be required and the liability can be estimated reliably. Liabilities recognized in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognized in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to the reporting date.

Retirement benefits

The Company contributes, in accordance with legal and statutory requirements, to various statutory defined benefit and defined contribution pension plans. In addition, the Company sponsors various post-retirement benefit plans that provide medical benefits to retiree participants.

The Company records annual amounts relating to its defined benefit plans and postretirement plans based on calculations that incorporate various actuarial and other assumptions including discount rates, mortality table assumptions, assumed rates of return, compensation increases, turnover rates and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when it is appropriate to do so. The effect of modifications to those assumptions is recorded in other comprehensive income/ (loss). The unrecognized amounts recorded in accumulated other comprehensive income is subsequently recognized as expense on a straight-line basis only to the extent they exceed 10% of the higher of the market-related value or the projected benefit obligation, over the average remaining service period of active participants.

In addition to the defined benefit pension plans and post-retirement benefits plans, the Company also sponsors various employee retirement savings plans in which employees of certain subsidiaries are eligible to participate. Each plan provides for employee contributions as well as matching contributions by the Company. The Company recognizes an expense for matching contributions to defined contribution plans as they are incurred.

2.18. Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred income taxes are recorded for temporary differences between the financial reporting basis and tax basis of assets and liabilities in each of the taxing jurisdictions in which the Company operates. These deferred taxes are measured using the tax rates expected to be in effect when the temporary differences reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

Deferred tax assets are evaluated each period to determine whether or not it is more likely than not that they will be realized. In making such determination, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. Valuation allowances are established where it is considered more likely than not that the Company will not realize the benefit of such assets.

Valuation allowances are reviewed each period on a tax jurisdiction by tax jurisdiction basis to analyze whether there is sufficient positive or negative evidence to support a change in judgment about the realizability of the related deferred tax assets.

The Company accounts for uncertain tax positions in accordance with ASC 740, "Income Taxes", which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based solely on the technical merits of the position.

The Company recognizes interest expense and penalties accrued related to unrecognized tax benefits in the provision for income taxes. Accrued interest and penalties are included within the related tax liability caption in the consolidated balance sheets.

2.19. Foreign Currencies

The reporting currency of Landis+Gyr Holding AG is the U.S. dollar. The functional currency of most of the Company's subsidiaries is the applicable local currency. The translation from the applicable functional currencies into the Company's reporting currency is performed for balance sheet accounts using exchange rates in effect at the balance sheet date, and for statement of operations accounts using average exchange rates prevailing during the year. The resulting translation adjustments are excluded from earnings and are recognized in Accumulated other comprehensive income/(loss) until the entity is sold, substantially liquidated or evaluated for impairment in anticipation of disposal.

Foreign currency exchange gains and losses, such as those resulting from foreign currency denominated receivables or payables, are included in the determination of earnings with the exception of intercompany loans that are long-term investment in nature with no reasonable expectation of repayment, which are recognized in other comprehensive income.

2.20. Leases

The Company leases primarily real estate and office equipment. Rental expense for operating leases is recorded on a straight-line basis over the life of the lease term. Lease transactions where substantially all risks and rewards incident to ownership are transferred from the lessor to the lessee are accounted for as capital leases. All other leases are accounted for as operating leases. Amounts due under capital leases are recorded as a liability. The interest in assets acquired under capital leases is recorded as property, plant and equipment. Depreciation and amortization of assets recorded under capital leases is included as depreciation and amortization expense.

2.21. Research and Development Costs

Research and development costs primarily consists of salaries and payroll taxes, third party contracting fees, depreciation and amortization of assets used in R&D activities, and other overhead infrastructure costs. Research and development activities primarily consist of the development and design of new meters and are expensed as incurred.

2.22. Earning per Share

ASC 260, "Earnings per Share", requires entities to present both basic and diluted earnings per share. Basic earnings per share is calculated by dividing net income by the weighted-average number of common shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income by the weighted average number of common shares outstanding during the year plus all dilutive potential common shares outstanding. Potentially dilutive shares that are anti-dilutive are excluded from the diluted earnings per share calculation.

As of March 31, 2017 and 2016, the Company had no dilutive shares outstanding.

2.23. Advertising

Advertising costs are expensed as incurred. Advertising expenses included in selling and marketing expenses were $6.5 million and $5.6 million, respectively, for the fiscal years ended March 31, 2017 and March 31, 2016.

2.24. Recent Accounting Pronouncements

New accounting pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*, to supersede nearly all existing revenue recognition guidance under U.S. GAAP. The core principle of ASU 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard permits two methods of adoption: retrospectively to each prior reporting period presented (full retrospective method), or retrospectively with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). The Company will adopt the new standard as of April 1, 2018 and is currently evaluating the method of transition. The Company is currently in the process of evaluating the effect that this guidance will have on its consolidated financial statements and related disclosures.

In September 2015, the FASB issued ASU 2015-16 *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments* that eliminates the requirement that an acquirer in a business combination account for measurement-period adjustments retrospectively. Instead, an acquirer will recognize a measurement-period adjustment during the period in which it determines the amount of the adjustment. The Company will adopt this guidance as of April 1, 2017. The impact of this guidance on the Company's financial condition and results of operations will be dependent on any transaction that is within the scope of the new guidance. There were no such transactions in the fiscal years ended March 31, 2017, and March 31, 2016.

In November 2015, the FASB issued ASU 2015-17 *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* which requires deferred tax liabilities and assets to be classified as noncurrent in the statement of financial position. The guidance is effective for Landis+Gyr Holding AG on April 1, 2017 and the Company doesn't believe it will have a material impact on the Consolidated Financial Statements other than the balance sheet presentation.

In February 2016, the FASB issued Accounting Standard Update (ASU) No. 2016-02 *Leases (Topic 842)* that requires lessees to include most leases on their balance sheets but recognize expenses on their income statements in a manner similar to today's accounting. The guidance also eliminates today's real estate-specific provisions for all entities. ASU 2016-02 is effective for the Company on April 1, 2019 using the modified-retrospective transition method. Full retrospective application is prohibited. The Company is currently evaluating the impact of the pending adoption of ASU 2016-02 on the Consolidated Financial Statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments — Credit Losses (Topic 326)*: Measurement of Credit Losses on Financial Instruments, amending the accounting for the impairment of financial instruments, including trade receivables. The new guidance requires the use of a "current expected credit loss" model for most financial assets. Under the new model, an entity recognizes as an allowance its estimate of expected credit losses, rather than the current methodology requiring delay of recognition of credit losses until it is probable a loss has been incurred. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. The requirements of the amended guidance should be applied using a modified retrospective approach except for debt securities, which require a prospective transition approach. The Company will adopt the new standard as of April 1, 2021 and is currently in the process of evaluating the effect that the amendments will have on its consolidated financial statements and related disclosures.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230):* Classification of Certain Cash Receipts and Cash Payments, which is intended to reduce diversity in practice in how certain cash receipts and payments are classified in the statement of cash flows, including debt prepayment or extinguishment costs, the settlement of contingent liabilities arising from a business combination, proceeds from insurance settlements, and distributions from certain equity method investees. This ASU is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Entities must apply the requirements of the amended guidance retrospectively to all periods presented but may apply it prospectively from the earliest date practicable if retrospective application would be impracticable. The Company will adopt the new standard as of April 1, 2018 and the impact will depend on any transaction that is within the scope of the new guidance.

In October 2016, the FASB issued ASU 2016-16, *Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory*, which requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. The amended guidance eliminates the prohibition of recognizing the current and deferred income tax consequences for intra-entity asset transfers other than inventory until the asset has been sold to a third party. This ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. The requirements of the amended guidance should be applied on a modified retrospective basis through a cumulative-effect adjustment directly to retained earnings as of the beginning of the period of adoption. The Company will adopt the new standard as of April 1, 2018 and the impact will depend on any transaction that is within the scope of the new guidance.

Recently Adopted Accounting Pronouncements

In August 2014, the FASB issued ASU 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40),* which requires management to assess a company's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. Disclosures are required when conditions give rise to substantial doubt. Substantial doubt is deemed to exist when it is probable that the company will be unable to meet its obligations within one year from the financial statement issuance date. "Probable" is used similar to its current use in U.S. GAAP for loss contingencies. The company has adopted this update in its fiscal year ending March 31, 2017.

In January 2015, the FASB issued ASU 2015-01, *Income Statement — Extraordinary and Unusual Items*, to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. Under the legacy guidance, an entity was required to separately disclose extraordinary items, net of tax, in the income statement after income from continuing operations if an event or transaction is of an unusual nature and occurs infrequently. This separate, net-of-tax presentation (and corresponding earnings per share impact) is no longer allowed. The existing requirement to separately present items that are of an unusual nature or occur infrequently on a pre-tax basis within income from continuing operations has been retained. The new guidance also requires similar presentation of items that are both unusual and infrequent. The Company adopted this update on April 1, 2016. There were no transactions within the scope of the new guidance in the fiscal years ended March 31, 2017 and March 31, 2016.

In July 2015, the FASB issued ASU 2015-11, *Inventory Topic (330)*: that simplifies the "subsequent measurement of inventory by replacing today's lower of cost or market test with a lower of cost and net realizable value test. The guidance applies only to inventories for which cost is determined by methods rather than last-in first-out (LIFO) and the retail inventory method (RIM). The company has adopted this update in its fiscal year ending March 31, 2016 without any material impact on its Consolidated Financial Statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles — Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which simplifies the measurement of goodwill impairment by eliminating Step 2 from the goodwill impairment test. Under the amendments in this ASU, an entity should perform its annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying value, which eliminates the current requirement to calculate a goodwill impairment charge by comparing the implied fair value of goodwill with its carrying amount. This ASU is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted for impairment tests performed on or after January 1, 2017. The requirements of the amended guidance should be applied prospectively. The Company adopted this update as of January 1, 2017.

Note 3: Shareholder's equity

At March 31, 2017 and 2016 the capital structure consisted of 295,100,000 authorized, issued, and outstanding registered ordinary shares with restricted transferability. The restricted transferability is related to the fact that the board of directors has to authorize all transfers of shares. Registered ordinary shares carry one vote per share, as well as the right to dividends. No dividends have been declared in the presented periods.

In October 2017, Consert received a cash capital contribution from Toshiba for $34.9 million. Refer to the business combination footnote (Note 8) for further details on the Consert acquisition.

The components of accumulated other comprehensive loss (AOCL) of Landis+Gyr Holding AG consist of (in thousands):

	March 31, 2017	March 31, 2016
Foreign currency translation adjustments	$ (26'985)	$ (34'883)
Pension plan benefits liability adjustments, net of taxes of $2'300 and $4'113 as of March 31, 2017 and March 31, 2016, respectively	(26'945)	(55'174)
Accumulated other comprehensive income (loss)	$ (53'930)	$ (90'057)

The following tables present the reclassification adjustments in accumulated other comprehensive income by component (in thousands):

	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2016	$ (55'174)	$ (34'883)	$ (90'057)
Other comprehensive income before reclassifications	25'939	7'898	33'837
Amounts reclassified from accumulated other comprehensive income	2'290	-	2'290
Net current-period other comprehensive income	28'229	7'898	36'127
Ending balance, March 31, 2017	$ (26'945)	$ (26'985)	$ (53'930)

	Defined benefit pension items	Foreign currency items	Total
Beginning balance, April 1, 2015	$ (45'953)	$ (32'569)	$ (78'522)
Other comprehensive income before reclassifications	(10'637)	(2'314)	(12'951)
Amounts reclassified from accumulated other comprehensive income	1'416	-	1'416
Net current-period other comprehensive income	(9'221)	(2'314)	(11'535)
Ending balance, March 31, 2016	$ (55'174)	$ (34'883)	$ (90'057)

The pension plan benefits liability adjustment, net of taxes, in the AOCL changed by $28.2 and $(9.2) million in the fiscal years ended March 31, 2017 and March 31, 2016. These changes represent the movement of the current year activity including the reclassified amounts from accumulated other comprehensive income to net income:

		2017	
Amortization of actuarial loss / (gain)	$	2'529	
Amortization of prior service cost		(239)	
Amounts reclassified from other comprehensive income to net income	$	2'290	a)
Net actuarial (loss) / gain		17'550	
Prior service cost		10'202	
Total before tax	$	30'042	
Tax (expense) or benefit		(1'813)	
Total other comprehensive income from defined benefit pension plans for the fiscal year ended March 31, 2017, net of tax	$	28'229	

		2016	
Amortization of actuarial loss / (gain)	$	1'412	
Amortization of prior service cost		4	
Amounts reclassified from other comprehensive income to net income	$	1'416	a)
Net actuarial (loss) / gain	$	(12'095)	
Prior service cost		(276)	
Total before tax	$	(10'955)	
Tax (expense) or benefit		1'734	
Total other comprehensive income from defined benefit pension plans for the fiscal year ended March 31, 2016, net of tax	$	(9'221)	

(a) These accumulated other comprehensive income components are included in the computation of net periodic pension costs (see Pension footnote for additional details).

Note 4: Accounts Receivable, net

A summary of accounts receivable, net is as follows (in thousands):

Accounts Receivable, net

	March 31,			
	2017		2016	
Trade accounts receivable	$	281'245	$	281'298
Unbilled revenue		27'776		26'977
Allowance for doubtful accounts		(4'725)		(3'989)
Total trade accounts receivable, net		304'296		304'286
Less: current portion of accounts receivable, net		301'400		302'428
Long-term accounts receivable, net	$	2'896	$	1'858

The long-term portion of accounts receivable, net, is included in Other long-term assets in the Consolidated Balance Sheets.

A summary of the provision for doubtful accounts activity is as follows (in thousands):

	March 31, 2017		March 31, 2016	
Beginning balance	$	(3'989)	$	(2'433)
Provisions for doubtful accounts		(1'842)		(2'798)
Deductions, net of recoveries		1'106		1'242
As at March 31,	$	(4'725)	$	(3'989)

The carrying amount of accounts receivable approximates their fair value. Normal credit terms are 30 to 90 days, averaging slightly more than 60 days.

Unbilled revenue is recorded when revenues are recognized upon product shipment/installation or service delivery and invoicing occurs at a later date. Generally, unbilled revenue is invoiced within one week after month-end.

Note 5: Inventories, net

Inventories, net consist of the following (in thousands):

	March 31, 2017		March 31, 2016	
Raw material and supplies	$	89'581	$	94'245
Work in progress		4'870		5'418
Finished goods		38'242		31'217
Total inventories gross		132'693		130'880
Inventory reserve		(17'011)		(13'927)
Total inventories, net	$	115'682	$	116'953

Note 6: Prepaid expenses and other current assets

A summary of the prepaid expenses and other current assets balance is as follows (in thousands):

	March 31, 2017		March 31, 2016	
Other loans to related parties		-		99'490
Prepaid expenses		9'810		9'175
Other tax receivables		9'808		8'799
Income tax receivables		7'397		3'876
Others		17'417		15'328
Total prepaid expenses and other current assets	$	44'432	$	136'668

Note 7: Property, Plant & Equipment, net

A summary of the property, plant & equipment balance is as follows (in thousands):

	March 31, 2017	March 31, 2016
Land	$ 3'520	$ 3'578
Buildings	16'682	17'041
Network equipment (a)	248'537	241'018
Machinery and equipment	80'959	75'651
Vehicles and other equipment	88'425	73'883
Construction in progress	12'627	10'866
Total cost	$ 450'750	$ 422'037
Less accumulated depreciation	(261'918)	(222'192)
Property, plant and equipment, net	$ 188'832	$ 199'845

(a) Network equipment is comprised of meters, and meter reading equipment that is deployed under various customer contracts of Landis+Gyr Technology Inc., a US based subsidiary of Landis+Gyr Holding AG.

Total depreciation expense for the fiscal years ended March 31, 2017 and March 31, 2016 was $46.9 million and $53.5 million, respectively. The difference between the total accumulated depreciation and the depreciation of property, plant & equipment represents the effect of change in exchange rates.

Note 8: Business Combinations

Transactions between Entities under Common Control

On February 6, 2013, Toshiba Corporation acquired a 100% equity interest in Consert Inc. (“Consert”), incorporated in the USA. Consert converts electric consumption in homes and small businesses into cost-effective, clean sources of capacity and energy reserves for utilities. The Consert load management solution is based on real-time, wireless technology that allows participants to conserve energy using a web-based, home area network. Consert utilizes wireless networks to provide real-time communication to the Consert data center. These highly secure networks deliver fast data speeds and increased efficiencies for utilities.

Toshiba Corporation sold certain assets and liabilities of Consert to the Company on November 1, 2016 for cash consideration of $4.7 million. Since both the Company and Consert were under common control of Toshiba, on the date of the transfer, the Company recognized the acquired assets and liabilities at their historical carrying amounts in Toshiba Corporation’s consolidated financial statements. No new goodwill was recognized.

The Company’s and Consert’s results of operations have been combined in fiscal year 2016 as though the combination had occurred as of the beginning of the fiscal year. Intercompany balances and transactions have been eliminated. Since the transaction met the definition of a business combination, the Company’s comparative consolidated financial statements have been retrospectively adjusted to include the net assets received and related operations for all periods during which the entities were under common control. The assets and liabilities of Consert which were not purchased by the Company amounted to $5.9 million in cash and $0.5 million in prepaid assets and have been included in the retrospectively adjusted financial statements for the periods prior to the transaction. Upon the transaction, such non-acquired assets and liabilities have been removed from the financial statements with an offsetting entry to Additional paid-in capital.

The effect of the transfer on the Company's EPS for the fiscal years ended March 31, 2017 and March 31, 2016 was $(0.02) per share and $(0.13) per share, respectively.

The impact of retrospectively adjusting the Company's comparative consolidated financial statements for the fiscal year ended March 31, 2017 is as follows:

	Fiscal Year ended March 31, 2017	
Net revenue	$	2'794
Cost of revenue		3'822
Operating loss		(4'884)
Net loss attributable to Landis+Gyr Holding AG Shareholders		(5'160)

Landis+Gyr Holding AG
Notes to Consolidated Financial Statements

The impact of retrospectively adjusting the Company's comparative consolidated financial statements for the fiscal year ended March 31, 2016 is as follows:

	Year-ended March 31, 2016			Note
	As previously reported	Adjustments	As adjusted	
Revenue	$ 1'569'382	$ 4'093	$ 1'573'475	
Cost of revenue	1'080'365	7'382	1'087'747	
Operating expenses	428'111	7'654	435'765	
Impairment of intangible and long-lived assets	-	34'058	34'058	11
Operating income	60'906	(45'001)	15'905	
Net (loss) income attributable to Landis+Gyr Holding AG Shareholders	23'542	(37'224)	(13'682)	

	As of March 31, 2016			Note
	As previously reported	Adjustments	As adjusted	
Cash and cash equivalents	$ 21'209	$ 883	$ 22'092	
Accounts receivable, net	303'524	(1'096)	302'428	
Inventories	115'501	1'452	116'953	
Deferred tax assets	44'720	2'901	47'621	
Prepaid expenses and other current assets	136'537	131	136'668	
Total current assets	**621'491**	**4'271**	**625'762**	
Property, plant and equipment, net	199'275	570	199'845	
Intangible assets, net	472'289	1'917	474'206	
Goodwill	1'412'304	9'046	1'421'350	
Deferred tax assets	7'930	20'191	28'121	17
Other long-term assets	35'063	-	35'063	
Total assets	**$ 2'748'352**	**$ 35'995**	**$ 2'784'347**	
Trade accounts payable	$ 154'076	$ (489)	$ 153'587	
Accrued liabilities	44'707	450	45'157	
Warranty provision	32'893	-	32'893	
Payroll and benefits payable	73'002	906	73'908	
Loans payable	17'646	-	17'646	
Current portion of shareholder loans	70'000	26'150	96'150	13
Tax payable	4'693	(10)	4'683	
Other current liabilities	56'684	5'644	62'328	
Total current liabilities	**453'701**	**32'651**	**486'352**	
Shareholder loans	215'000	-	215'000	
Warranty provision - non current	58'750	-	58'750	
Pension and other employee liabilities	101'147	-	101'147	
Deferred tax liabilities	142'791	-	142'791	
Tax payable	21'109	-	21'109	
Other long-term liabilities	29'357	2	29'359	
Total liabilities	**1'021'855**	**32'653**	**1'054'508**	
Registered ordinary shares	309'050	-	309'050	
Additional paid-in capital	1'391'611	45'467	1'437'078	3
Retained earnings	114'045	(42'125)	71'920	3
Accumulated other comprehensive loss	(90'057)	-	(90'057)	
Total Landis+Gyr Holding AG shareholders' equity	**1'724'649**	**3'342**	**1'727'991**	
Noncontrolling interests	1'848	-	1'848	
Total equity	**1'726'497**	**3'342**	**1'729'839**	
Total liabilities and equity	**$ 2'748'352**	**$ 35'995**	**$ 2'784'347**	
Net cash provided by operating activities	$ 130'942	(11'717)	$ 119'225	
Net cash used in investing activities	(39'277)	(211)	(39'488)	
Net cash used in financing activities	(73'135)	(2'651)	(75'786)	
Net increase (decrease) in cash and cash equivalent	$ 18'530	$ (14'579)	$ 3'951	

Note 9: Intangible Assets, net

The gross carrying amount, accumulated amortization, and impairments of the Company's intangible assets, other than goodwill, are as follows (in thousands):

	March 31, 2017				
	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	$ 113'960	$ (38'984)	$ -	$ 74'976	12
Order backlog	40'637	(40'637)	-	-	-
Customer contracts & relationships	422'923	(157'060)	-	265'863	13
Developed technologies	179'444	(83'664)	(11'166)	84'614	7
Total finite lived intangibles	$ 756'964	$ (320'345)	$ (11'166)	$ 425'453	

	March 31, 2016				
	Gross asset	Accumulated amortization	Accumulated impairment	Carrying amount	Weighted average useful life (in years)
Finite Lived Intangibles:					
Trade name and trademarks	$ 113'960	$ (32'168)	$ -	$ 81'792	13
Order backlog	40'855	(40'855)	-	-	-
Customer contracts & relationships	421'938	(130'597)	-	291'341	14
Developed technologies	180'020	(67'781)	(11'166)	101'073	8
Total finite lived intangibles	$ 756'773	$ (271'401)	$ (11'166)	$ 474'206	

The following table presents the amortization of intangible assets (in thousands):

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Cost of revenue	$ 14'144	$ 14'049
Operating expense	35'131	42'423
Total	$ 49'275	$ 56'472

Estimated future annual amortization expense related to identified intangible assets for each of the five years, to March 31, 2022 and thereafter is as follows (in thousands):

Fiscal year ending March 31,	Estimated annual amortization
2018	$ 48'521
2019	47'156
2020	45'511
2021	45'083
2022	46'024
Thereafter	193'158
Total identifiable intangibles, net	$ 425'453

Note 10: Goodwill

Landis + Gyr has three reporting units with goodwill. As discussed in the segment reporting disclosure (see note 23 below), in the fourth quarter of 2016 fiscal year, there was a strategic shift in the business as a result of the planned Initial Public Offering in the SIX Swiss Exchange. As a result, the Company realigned its continuing operations into the following segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments and reporting units. Prior to the realignment, the Company operated and managed its business as one consolidated operating segment.

Upon segment realignment in the fourth quarter of the 2016 fiscal year, goodwill was allocated to the new segments based upon their relative fair value. The new identified reporting units were tested for impairment in the fourth quarter, after the annual forecasting process.

The changes in the carrying amount of goodwill for the year ended March 31, 2017, are as follows:

	Americas	EMEA	Asia Pacific	Consolidated	Total
Balance as of March 31, 2016	$ -	$ -	$ -	$ 1'421'350	$ 1'421'350
Allocation in the fourth quarter of FY 2016	1'133'350	227'000	61'000	(1'421'350)	-
Impairment charges	-	(30'000)	(30'000)	-	(60'000)
Currency translation adjustment	-	(183)	-	-	(183)
Balance as of March 31, 2017	$ 1'133'350	$ 196'817	$ 31'000	$ -	$ 1'361'167

Note 11: Impairment of Goodwill and other Long-lived assets

At March 31, 2017, the Company performed a quantitative goodwill impairment analysis that included an assessment of certain qualitative factors, the overall financial performance, macroeconomic and industry conditions, as well as determining the fair value of the reporting units and comparing that fair value to the carrying values. As a result of the assessment performed, the Company recognized a $30 million impairment of goodwill in both the Asia Pacific and EMEA reporting units due to a weaker macroeconomic outlook of the specific markets in the respective regions.

In the third quarter of fiscal year 2015, Consert, an entity included in the Americas segment, whose financials have been retrospectively combined in these Consolidated Financial Statements (see note 7 above), had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions. As a result of the assessment performed, Consert recognized in fiscal year 2015, $22.9 million impairment charge on Goodwill due to a weaker macroeconomic outlook of the specific market of the business. In addition, Consert reviewed its Developed Technologies and recognized $11.2 million impairment charge. The method adopted to value other long-lived assets is consistent with the methodology applied by the Company in prior periods. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement."

The impairment charges are classified in the Impairment of intangible and long-lived assets line item within Consolidated Statement of Operations.

Note 12: Loans Payable

The components of the loans payable are as follows (in thousands, except for weighted average interest rate, which is in percentage points):

	March 31,			
	2017		2016	
	Balance	Weighted average rate	Balance	Weighted average rate
Borrowings from banks	$ 12'890	9.3%	$ 17'646	9.0%
Loans payable	$ 12'890		$ 17'646	

Note 13: Shareholder Loans

The components of the shareholder loans are as follows (in thousands):

	March 31,	
	2017	2016
Shareholder loans Toshiba - current	$ 215'000	$ 96'150
Shareholder loans Toshiba - long-term	-	215'000
Total Shareholder Loans	$ 215'000	$ 311'150

Upon the acquisition of Landis+Gyr AG, the Company received a loan from Toshiba Corporation in the amount of $600.1 million. The loan has a stated interest rate equal to the 6-month LIBOR rate plus a margin of 2.5% per annum. Interest is payable on a semi-annual basis on January 31 and July 31. The principle is payable on a semi-annual basis on July 31 and January 31, starting on July 31, 2012. The amount to be paid on each payment date is $35.0 million with the remaining balance of $215.0 million due on July 31, 2017.

Upon the acquisition of Consert, Toshiba Corporation granted a line of credit facility, to finance Consert's working capital requirements. The line of credit was fully re-paid by October 2016. The outstanding balance as of March 31, 2016 was $26.1 million.

Note 14: Other long-term liabilities

The components of other long-term liabilities are as follows (in thousands):

	March 31,	
	2017	2016
Warranty settlement liability	34'885	-
Deferred income	25'021	10'097
Others	23'551	19'262
Total other long-term liabilities	$ 83'457	$ 29'359

Note 15: Financial Instruments and Fair Value

The Company measures financial assets and liabilities at fair value. Foreign currency exchange contracts are measured at fair value on a recurring basis by means of various valuation techniques and models, and the inputs used are classified based on the hierarchy outlined within the Company's significant accounting policies.

In addition, certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

The valuation techniques and models utilized for measuring financial assets and liabilities are reviewed and validated at least annually.

Recurring Fair Value Measurements:
There were no assets and liabilities that are measured at fair value on a recurring basis at March 31, 2017 and at March 31, 2016.

Fair Value of Financial Instruments
With the exception of financial instruments noted in the following table, the fair value of the Company's financial instruments approximate carrying value due to their short maturities.

The estimated fair value of financial instruments with long-term maturities is as follows (in thousands):

	March 31,			
	2017		2016	
	Fair Value	Carrying	Fair Value	Carrying
Liabilities:				
Shareholder loan	$ -	$ -	$ 213'707	$ 215'000

The shareholder loan was measured at fair value based on the present value of the cash flows, giving consideration to the changes in the interest yield curves (Level 2). As of March 31, 2017, the outstanding shareholder loan has a short maturity.

Note 16: Pension and Post Retirement Benefit Plans

The majority of the Company's employees are covered by defined benefit plans which are funded by the Company, the employees, and in certain countries, by state authorities. The Company has pension plans in various countries with the majority of the Company's pension liabilities deriving from Germany, US and Switzerland. Such plans can be set up as state or company controlled institutions, as contracts with private insurance companies, as independent trusts or pension funds. The benefits provided by such entities vary by country based on the legal and economic environment and primarily are based on employees' years of service and average compensation, covering the risks of old age, death and disability in accordance with legal requirements and the pension legislation in the respective countries.

Net periodic pension cost and the pension obligation of the Company's defined benefit plans are calculated based on actuarial valuations. Such valuations consider, inter alia, the years of service rendered by employees and assumptions about future salary increases. The latest actuarial valuations were performed for the defined benefit plans as of March 31, 2017, and using that as the measurement date.

The underlying actuarial assumptions are based on the actual local economic circumstances of the countries where the defined benefit plans are situated. The Company contributes to the employee benefit plans in accordance with applicable laws and requirements and the pension plan assets are invested in accordance with applicable regulations.

The following table summarizes the movement of the benefit obligation, plan assets, funded status and amounts recognized in the consolidated balance sheets for the defined benefit pension plans for the periods indicated in the table below (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Change in benefit obligation:		
Benefit obligation at April 1,	$ 311'876	$ 301'570
Service cost	7'272	6'766
Interest cost	2'968	3'897
Employee contributions	3'076	3'176
Benefits paid	(513)	(433)
Assets distributed on settlements	(10'227)	(13'852)
Actuarial (gains) / losses	(13'369)	6'345
Curtailments	(7)	(2'221)
Termination benefits	57	1'600
Liabilities extinguished on settlements	(35)	(53)
Plan amendments	(10'202)	276
Others	10'060	-
Effect of changes in exchange rates	(12'471)	4'805
Benefit obligation at March 31,	$ 288'485	$ 311'876

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Change in plan assets:		
Fair value of plan assets at April 1,	$ 221'804	$ 222'964
Actual return on plan assets	10'823	(294)
Employer contributions	7'570	6'999
Employee contributions	3'076	3'176
Benefits paid (a)	(10'227)	(13'852)
Others	10'060	-
Effect of changes in exchange rates	(8'820)	2'811
Fair value of plan assets at March 31,	$ 234'286	$ 221'804
Funded status at March 31,	$ (54'199)	$ (90'072)
Accumulated benefit obligation	$ 283'032	$ 306'037

The financial statements for the year ended March 31, 2017 include an offsetting movement in the defined benefit obligation and fair value of plan assets of $10.1 million relating to out-of-period adjustments of a pension plan that was not captured in the financial statements of the year-ending March 31, 2016 and March 31, 2015. This adjustment is reflected in the “Others” caption in the change in benefit obligation and plan assets in the tables above. Management has evaluated the $0.5 million statements of operation impact of these out-of-period adjustments to the financial statements ending March 31, 2017 and concluded they were not material to the current and previously reported annual financial statements.

As of March 31, 2017, the net benefit obligation for the Company´s underfunded plans is equal to $54.6 million. The net plan assets for the overfunded plans for the same period is equal to $1 million. As of March 31, 2016, the net benefit obligation for the Company´s underfunded plans is $90 million. No plans were overfunded as of March 31, 2016.

Net periodic pension benefit costs for the Company's defined benefit plans include the following components (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Service cost	$ 7'272	$ 6'766
Interest cost	2'968	3'897
Termination benefits	57	(50)
Expected return on plan assets	(6'653)	(7'683)
Amortization of prior service costs	(239)	4
Amortization of actuarial loss (gain)	2'529	1'412
Settlements and curtailments	(31)	1'600
Net periodic benefit cost	$ 5'903	$ 5'946

Changes in plan assets and benefit obligations recognized in other comprehensive loss (pre-tax) are as follows (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Net actuarial loss (gain)	$ (17'550)	$ 12'095
Amortization of actuarial (loss) gain	(2'529)	(1'412)
Prior service cost	(10'202)	276
Amortization of prior service cost	239	(4)
	(30'042)	$ 10'955

The following represents the amounts included in accumulated other comprehensive loss related to the Company's defined benefit pension plans (in thousands) (a):

	March 31,	
	2017 (Combined)	2016 (Combined)
Actuarial loss	$ 38'634	$ 58'713
Prior service cost	(9'658)	305
Deferred tax liability (assets)	(2'300)	(4'113)
Effect of changes in exchange rates	229	313
	$ 26'905	$ 55'218

(a) The Company has not included a medical plan that is used in the Americas segment as such plan is de minimis. The amount included in accumulated other comprehensive loss related to the medical plan was $40 thousand and $46 thousand at March 31, 2017 and March 31, 2016, respectively.

The actuarial loss and the prior service cost expected to be recognized as components of net periodic benefit cost over the fiscal year ending March 31, 2018 are $0.6 million and $1 million, respectively.

The Company expects to make contributions of $5.1 million to the defined benefit pension plans during the fiscal year ending March 31, 2018.

The weighted average assumptions used in accounting for the defined benefit pension plans are as follows:

	March 31,	
	2017	**2016**
Weighted average assumptions to determine benefit obligations:		
Discount rate (a)	1.12%	0.97%
Expected rate of increase in future compensation (b)	1.16%	1.15%
Expected rate of increase in future pension benefits (c)	0.09%	0.09%
Weighted average assumptions to determine net periodic benefit cost:		
Discount rate (a)	0.97%	1.32%
Expected long-term rate of return on plan assets (d)	3.04%	3.48%

(a) The Company determined a discount rate for each individual defined benefit pension plan based on high quality corporate bonds with currency and duration matching the associated liabilities. Where there is no deep market for such bonds, government bonds with an appropriate spread are used.

(b) The Company determined the expected rate of increase in future compensation levels based on expectation of expected inflation rates and merit-based increases.

(c) The Company determined the expected rate of increase in future pension benefits based on expected inflation in the plans' national markets, if such increase is included in the plan benefits.

(d) The expected rate of return on plan assets was determined on the basis of the weighted average expected return on plan assets. The Company's assessment of the expected returns is based on historical return trends for equities, real estate and other assets and analysts' predictions of the market for debt instruments. The assets do not include any financial instruments issued by the Company.

The actual asset allocation for the defined benefit pension plan assets is as follows:

	March 31,	
	2017	**2016**
Equity Instruments	34%	33%
Debt Instruments	40%	44%
Property	16%	17%
Other	10%	6%

The Company's pension plan assets for each individual plan are invested in accordance with statutory regulations, pension plan rules and decisions of the pension fund trustees. The Company's actual invested positions in various securities change over time based on short and longer-term investment opportunities. Strategic pension plan asset allocations are determined by the objective to achieve an investment return, which together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. Based upon current market and economic environments, the actual asset allocation may periodically be permitted to deviate from policy targets. The plan's assets are divided according to asset class. The fiscal year ending March 31, 2018 targeted allocations are equities (32.3 percent), debt securities (42.6 percent), real estate (18.4 percent) and others (6.7 percent).

Annual benefit payments, including amounts to be paid from Company assets for unfunded plans, and reflecting expected future service, as appropriate, are expected to be paid as follows (in thousands):

Fiscal year ending March 31,	
2018	$ 14'208
2019	14'336
2020	13'870
2021	14'253
2022	13'878
2023-2028	75'993

The following tables present, for each of the fair-value hierarchy levels, the Company's defined benefit pension plan assets that are measured at fair value on a recurring basis as at March 31, 2017 and at March 31, 2016 (in thousands):

	March 31, 2017 Fair Value Measurements			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash eqivalents	$ -	$ -	$ -	$ -
Equity instruments	80'195	61'627	18'568	-
Debt instruments	93'738	79'022	14'716	-
Real estate	37'177	-	560	36'617
Other	23'176	13'376	9'800	-
Total	$ 234'286	$ 154'025	$ 43'644	$ 36'617

	March 31, 2016 Fair Value Measurements			
	Total	**Level 1**	**Level 2**	**Level 3**
Cash and cash eqivalents	-	-	-	-
Equity instruments	72'490	56'306	16'184	-
Debt instruments	97'123	83'195	13'928	-
Real estate	38'280	-	375	37'905
Other	13'911	13'316	595	-
Total	$ 221'804	$ 152'817	$ 31'082	$ 37'905

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Debt and equity instruments – Debt and equity instruments classified as Level 1 are valued at the closing price reported on the active market on which the individual securities are traded. Equity instruments classified as Level 2 consist of investments in traded institutional funds, which are not actively traded, valued at the repurchase price as calculated by the fund manager on a daily basis and alternative investments valued at their net asset value which is based on the fair value of the underlying assets that are traded in active markets and have quoted market prices.

Real estate – Real estate investments classified as Level 2 are valued at the repurchase price as calculated by the fund manager on a daily basis. Real estate investments classified as Level 3 are valued using a discounted cash-flow approach, the discount rates are based on the age of the real estate and stand at 4.5%.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth a summary of changes in the fair value of the Level 3 assets (in thousands):

	2017		2016	
Balance at April 1,	$	37'905	$	36'303
Actual return on plan assets		404		1'060
Effect of changes in exchange rates		(1'692)	$	542
Balance at March 31,	$	36'617	$	37'905

In addition to its defined benefit plans, the Company also provides post-retirement health care benefit plans to certain of its employees. As of March 31, 2017 and March 31, 2016, the post retirement benefit plans had an obligation of $0.5 million and $0.5 million, respectively.

For the post retirement plan, the expected premium for fiscal year ending March 31, 2018 is assumed to be $3'355 for retired ($3'811 for spouse). The medical trend rate is assumed to increase to 5.8% for the fiscal year ending March 31, 2018 and gradually decrease to 4.3% thereafter.

As an indicator of sensitivity, increasing the assumed health care cost trend rate by 1% would have increased the accumulated postretirement benefit obligation by $11 thousand at March 31, 2017, and the aggregate of the service and interest cost components of net postretirement benefit expense by $1 thousand for the year ended March 31, 2017. Decreasing the assumed health care cost trend rate by 1% would have decreased the accumulated postretirement benefit obligation at March 31, 2017 by $11 thousand and the aggregate of the service and interest cost components of net postretirement benefit expense by $1 thousand for the year ended March 31, 2017.

Furthermore, the Company sponsors various defined contribution plans in which employees of certain subsidiaries are eligible to participate. Total expenses related to such plans for the fiscal years ended March 31, 2017 and March 31, 2016 were $10.0 million and $8.9 million, respectively.

Note 17: Income Taxes

The components of profit (loss) before income tax expense, net of tax, are as follows (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Domestic (a)	$ (16'094)	$ (5'798)
Foreign	(14'165)	4'825
	$ (30'259)	$ (973)

(a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

Income tax benefit (expense) by location of the taxing jurisdiction consisted of the following (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Current income taxes:		
Domestic (a)	$ (591)	$ (816)
Foreign	(58'108)	(24'541)
Total current taxes	$ (58'699)	$ (25'357)
Deferred taxes:		
Domestic (a)	$ (742)	$ 4'015
Foreign	27'641	8'842
Total deferred taxes	26'899	12'857
Total income taxes	$ (31'800)	$ (12'500)

(a) Domestic jurisdiction represents Switzerland, the country where the Company is incorporated.

The reconciliation of tax benefit (expenses) at the statutory tax rate of 7.83% to the provision for income taxes is shown in the table below (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Regular statutory rate benefit (expense)	$ 2'369	$ 76
Items taxed at rates other than the Company's statutory rate	(18'625)	(2'206)
Non-deductible goodwill impairment	(4'698)	-
Other permanent adjustments	6'127	3'761
Provision for uncertain tax positions	(7'888)	(1'404)
Tax credits	3'081	2'982
Withholding taxes	(618)	(829)
Change in valuation allowance	(9'951)	(18'087)
Adjustments to prior year	241	3'373
Other, net	(1'838)	(166)
Tax benefit (expense)	$ (31'800)	$ (12'500)

Landis+Gyr Holding AG
Notes to Consolidated Financial Statements

Deferred Taxes

The significant components of the deferred tax assets and liabilities are as follows (in thousands):

	March 31, 2017	March 31, 2016
Deferred tax assets:		
Net operating loss carryforwards	$ 117'655	$ 111'882
Inventories	4'240	4'580
Prepaid expenses and other	33	446
Accrued liabilities	12'998	9'284
Related party interest	1'817	5'806
Intangible assets	9'133	14'078
Pension and other employee related liabilities	35'219	32'631
Other	25'981	16'282
	207'076	194'989
Deferred tax liabilities:		
Accrued liabilities	(324)	(40)
Property, plant, and equipment	(27'701)	(31'741)
Intangible assets	(113'659)	(128'367)
Other	(15'478)	(5'093)
	(157'162)	(165'241)
Net deferred tax assets before valuation allowance	49'914	29'748
Valuation allowance	(91'970)	(96'797)
Net deferred tax liabilities	$ (42'056)	$ (67'049)

A summary of the deferred tax assets and liabilities is as follows (in thousands):

	March 31, 2017	March 31, 2016
Deferred tax assets net before valuation allowance	$ 145'220	$ 172'539
minus valuation allowance	(91'970)	(96'797)
Deferred tax assets - net	53'250	75'742
Less short-term portion	43'881	47'621
Long-term portion	$ 9'369	$ 28'121
Deferred tax liabilities net	(95'306)	(142'791)
Less short-term portion	(31)	-
Long-term portion	$ (95'275)	$ (142'791)
Net deferred tax liabilities	$ (42'056)	$ (67'049)

As of March 31, 2017 and March 31, 2016, the Company had total tax losses carried forward in the amount of $447.3 million and $426.2 million, respectively.

The expiration of the tax losses carried forward as of March 31, 2017 is as follows (in thousands):

Fiscal year ended March 31,	
2018	$ -
2019	108'446
2020	3'199
2021	-
2022	14'224
Thereafter	153'100
Never expire	168'379
Total	$ 447'348

The Company believes that it is more likely than not that the benefit from certain net operating loss carryforwards and other deferred tax assets will not be realized due to insufficient profit projections. The Company considered all available evidence, both positive and negative, including historical levels of income, expectations and risks associated with estimates of future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance.

The valuation allowances are mainly provided against net deferred tax assets in Australia, Denmark, France, Finland, India, Switzerland, United States and United Kingdom. In the event that all of the deferred tax assets become realizable, the reversal of the valuation allowance would result in a reduction in income tax expense.

Deferred taxes on undistributed earnings of foreign subsidiaries as of March 31, 2017 and March 31, 2016 are $0.6 million and $0.5 million, respectively.
The Company does not provide deferred taxes on temporary differences related to its foreign subsidiaries that are considered permanent in duration. Determination of the amount of deferred taxes on these temporary differences is not practical.

Provisions for Uncertain Tax Positions

ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. This interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows (in thousands):

	2017	2016
Balance as of April 1,	$ 23'725	$ 23'801
Gross increases to positions in prior years	983	412
Gross increases to current period tax positions	7'231	5'261
Audit settlements	(133)	-
Expiry of statute of limitations	(3'388)	(5'645)
Gross decreases to prior year positions	(504)	(260)
Effect on change in exchange rates	(394)	156
Balance as of March 31,	$ 27'520	$ 23'725

As of March 31, 2017 and March 31, 2016, accrued interest and penalties totaled $6.1 million and $2.5 million, respectively.

The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

The Company is subject to taxation in various states and foreign jurisdictions. As of March 31, 2017, the Company could be subject to income tax examination by the tax authorities in the following major tax jurisdictions:

Tax Jurisdiction	Open tax years
Australia	April 1, 2012 - March 31, 2017
Switzerland	April 1, 2015 - March 31, 2017
U.S. Federal	January 1, 2006 - March 31, 2017
Germany	January 1, 2010 - March 31, 2017
Greece	April 1, 2012 - March 31, 2017
United Kingdom	April 1, 2015 - March 31, 2017
Brazil	January 1, 2012 - March 31, 2017

Note 18: Commitments & Contingencies

Commitments:

The Company is obligated under capital leases covering certain machinery and equipment that will expire at various dates during the next three years. The gross amount of property, plant and equipment and related accumulated amortization recorded under capital leases were as follows (in thousands):

	March 31, 2017	March 31, 2016
Machinery and equipment	$ 4'812	$ 5'209
Less: accumulated amortization	3'930	4'337
	$ 882	$ 872

Amortization of assets held under capital leases is included within depreciation expenses.

The Company is also party to several noncancelable operating leases, primarily for office space and company vehicles, that expire over the next five years. These leases generally contain renewal options for periods ranging from one to five years and require the Company to pay all common area maintenance costs such as maintenance and insurance.

Minimum rent payments under operating leases are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for operating leases for the fiscal years ended March 31, 2017 and March 31, 2016 was $23.3 million and $23.3 million, respectively.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) and future minimum capital lease payments as of March 31, 2017 are (in thousands):

Fiscal year ending March 31,	**Capital Leases**	**Operating Leases**
2018	$ 464	$ 15'454
2019	339	13'648
2020	264	12'986
2021	83	11'194
2022	-	7'232
Thereafter	-	1'480
Total minimum lease payments	1'150	$ 61'994
Less estimated executory costs	(108)	
Net minimum lease payments	1'042	
Less amount representing interest	(87)	
Present value of net minimum capital lease payments	955	
Less current installments of obligation under capital leases	(282)	
Obligations under capital leases, excluding current installments	$ 673	

Current and non-current portion of capital lease obligations are included as a component of other current liabilities and other non-current liabilities, respectively.

Guarantees
From time to time, the Company issues performance guarantees whereby it guarantees its performance under the specific terms of contracts with suppliers, customers, and financial institutions. These guarantees are typically comprised of performance bonds and bank guarantees. These guarantees could become payable in the event that the Company were to default under the related contracts. The Company had total outstanding performance bonds and bank guarantees of $115.6 million as of March 31, 2017.

The Company, from time to time, guarantees the obligations of its wholly owned subsidiaries, including obligations under certain contracts with customers. At March 31, 2017, the Company had a maximum potential amount payable of $615.9 million under such financial guarantees outstanding. The guarantees outstanding have various maturity dates.

Legal proceedings
We are subject to various legal proceedings and claims of which the outcomes are subject to significant uncertainty. Our policy is to assess the likelihood of any adverse judgments or outcomes related to legal matters, as well as ranges of probable losses. A determination of the amount of the liability required, if any, for these contingencies is made after an analysis of each known issue. A liability is recognized and charged to operating expense when we determine that a loss is probable and the amount can be reasonably estimated.

In August 2015, Energisa SA and a number of other plaintiffs filed two related lawsuits in Brazil, alleging that our electric meters were excessively vulnerable to fraud. The initial petitions requested Landis+Gyr to provide new firmware to the plaintiffs and to reimburse their cost of installation in meters supplied with this firmware. L+G has filed a petition with technical inquiries ("Levantamento de quesitos") for a technical expert in metering to evaluate the L+G meters' performance in relation to the functional requirement of the project. There is a jurisdictional conflict to be defined at the Federal Superior Court.

On July 14, 2016, we entered into a confidential settlement agreement with Transdata Incorporated (Transdata) under which Transdata agreed to dismiss with prejudice all pending litigation in various

United States District Courts against us and certain of our customers. As a part of the settlement, we received a patent license from Transdata for the use of the patents in future meter production and sales.

In July 2016, Atlas IP, LLC filed a patent infringement lawsuit in the Eastern District of Texas, against our customer Denton County Electric Cooperative d/b/a CoServ Electric. Atlas IP has filed similar claims against our customer Oncor (we indemnified Oncor; the case was dismissed without prejudice), our customer JEA and customers of Itron, Elster and Silverspring Networks. A single patent (U.S. Patent 5,371,734) that expired in early 2013 is at issue, so the time window for infringement (and damages) is limited to December 9, 2010 (six years back from the filing of the complaint) to the expiration date. The patent was assigned to Atlas IP after it had expired. We are indemnifying both CoServ and JEA. We believe that we have meritorious defenses to Atlas' allegations and intend to continue vigorously defending this lawsuit.

In October 2016, our subsidiary Landis+Gyr Inc. (f/k/a Landis+Gyr Metering Inc.), filed a lawsuit against Zurich American Insurance Company, f/k/a Zurich Insurance, in the U.S. District Court, Northern District of Indiana. We believe that Zurich acted in bad faith and wrongfully denied coverage of a long-standing environmental liability claim for an Indiana facility. We are seeking to recover costs we incurred to investigate and remediate a Resource Conservation and Recovery Act (RCRA) surface impoundment waste management unit. The lead primary liability insurer claims it has no record of this claim even though L+G believes it was notified many years ago and wrongfully denied coverage based on its "pollution exclusion," which L+G believes is not a bar to coverage under Indiana law.

On January 16, 2017, we entered into a confidential settlement with an European utility under which the utility agreed to dismiss all claims it had asserted under a confidential arbitration proceeding. The arbitration related to product warranty claims arising in connection with an industry-wide component issue, which affected products purchased by an European utility between 2007 and 2010.

In addition to the cases listed above, Landis+Gyr and its subsidiaries are parties to various employment-related and administrative proceedings in jurisdictions where we do business. None of the proceedings are individually material to Landis+Gyr, and we believe that we have made adequate provision such that the ultimate disposition of the proceedings will not materially affect our business or financial condition.

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions, and complaints. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters, or if not, what the impact might be. However, the Company's management does not expect that the results of any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

Indemnification
We generally provide an indemnification related to the infringement of any patent, copyright, trademark, or other intellectual property right on software or equipment within our customer contracts. This indemnification typically covers damages and related costs, including attorney's fees with respect to an indemnified claim, provided that (a) the customer promptly notifies us in writing of the claim and (b) we control of the defense and all related settlement negotiations. We may also provide an indemnification to our customers for third party claims resulting from damages caused by the negligence or willful misconduct of our employees/agents under certain contracts. These indemnification obligations typically do not have liability caps. It is not possible to predict the maximum potential amount of future payments under these or similar agreements.

Warranty

A summary of the warranty accrual account activity is as follows (in thousands):

	March 31, 2017	March 31, 2016
Beginning balance	$ 91'643	$ 48'545
New product warranties	48'661	54'657
Other changes / adjustments to warranties	(53'767)	(7'879)
Claims activity	(30'099)	(4'392)
Effect of changes in exchange rates	(4'704)	712
Ending balance	51'734	91'643
Less: current portion of warranty	(43'780)	(32'893)
Long-term warranty	$ 7'954	$ 58'750

Note 19: Restructuring Charges

The Company continually reviews its business, manages costs and aligns resources with market demand. As a result, the Company has taken several actions to reduce fixed costs, eliminate redundancies, strengthen operational focus, and better position itself to respond to market pressures or unfavorable economic conditions.

During the fiscal year ended March 31, 2017, the Company continued its cost reduction effort within the Americas, EMEA and Asia Pacific geographical area, aimed at reducing costs and improving operating performance in the United States, Brazil, a number of European Countries, Australia, and China. In connection with these restructuring plans, the Company recognized costs related to termination benefits for employee positions that were eliminated. The total fiscal year ended March 31, 2017 initiatives are approximately $3.8 million in severance related costs. Some of the severance payments were completed during the fiscal year ended March 31, 2017 and the remaining payments are expected to be completed during the fiscal year ending March 31, 2018.

A summary of the Company's restructuring activity, including costs incurred during the fiscal years ended March 31, 2017 and March 31, 2016 is as follows (in thousands):

	2017	2016
Beginning balance	$ 2'478	$ 6'606
Restructuring charges	3'795	5'932
Cash payments	(3'692)	(9'935)
Effect of changes in exchanges rates	(121)	(125)
Balance as of March 31,	$ 2'460	$ 2'478

The outstanding balance at March 31, 2017 and at March 31, 2016, respectively, is included under accrued liabilities in the consolidated balance sheets. Substantially all of the remaining accrued restructuring balance is expected to be paid out by the end of the fiscal year ending March 31, 2018.

A summary of the statement of operations line items where restructuring activity charges have been recognized is as follows (in thousands):

	Fiscal Year Ended March 31, 2017	Fiscal Year Ended March 31, 2016
Cost of revenue	$ 1'821	$ 2'736
Research and development	308	202
Sales and marketing	454	2'096
General and administrative	1'212	898
Total	$ 3'795	$ 5'932

The following table outlines the cumulative, current costs incurred to date, and the total amount of costs expected to be incurred under the program per operating segment (in thousands):

	Cumulative Costs incurred up to March 31, 2017	Total Costs incurred in the Fisca Year ended March 31, 2017
Americas	$ 6'033	$ 1'578
EMEA	14'445	1'184
Asia Pacific	9'775	1'033
Corporate	1'259	-
Restructuring Charges	$ 31'512	$ 3'795

The cumulative costs incurred up to March 31, 2017 represent the Companies ongoing restructuring efforts under various programs from FY 2011 to FY 2016. The expected future costs for the restructuring programs are $18.9 million spread over the next four years and are limited to EMEA.

Note 20: ARO

AROs exist in Germany, Switzerland, the UK, Australia and the USA. The following table presents the activity for the AROs, excluding environmental remediation liabilities (in thousands):

	March 31, 2017	March 31, 2016
Beginning balance	$ 2'643	$ 2'601
Additional obligations incurred	14	79
Obligations settled in current period	(142)	-
Changes in estimates, including timing	(11)	(161)
Accretion expense	126	112
Effect of changes in exchange rates	(131)	12
Obligation balances, March 31,	$ 2'499	$ 2'643

Note 21: Related Party Transaction

Trading transactions

Sales to and purchases from Toshiba affiliated entities were as follows:

	Fiscal Year ended March 31, 2017	Fiscal Year ended March 31, 2016
Revenues from Toshiba affiliated entities	$ 116'778	$ 106'679
Purchases from Toshiba affiliated entities	1'805	1'048

The following balances were outstanding at the end of each reporting period:

	March 31, 2017	March 31, 2016
Receivables due from Toshiba affiliated entities	$ 5'621	$ 9'221
Payables due to Toshiba affiliated entities	698	546

Sales of goods to related parties were made at the Company's usual list prices. Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

Loans from related parties
Refer to Note 13: Shareholder Loans for information on the Shareholder Loan from Toshiba.

Other related party transaction
From time to time, the Company receives and lends cash to other Toshiba related parties, to either finance the Company's working capital requirements or to deposit excess cash. At March 31, 2017 and at March 31, 2016, the Company loaned nil and $99.5 million, respectively to Toshiba of Europe Limited (TOEL). The amounts have a maturity of one day and are essentially overnight deposits, bear interest ranging from 0% to 0.5%, and are recorded under prepaid expenses and other current assets in the consolidated balance sheets.

Note 22: Concentrations

The Company generates a majority of its revenue in the United States and Europe, with the balance in Asia Pacific, Middle East, Africa, South America, and Canada. None of the Company's customers exceeded ten percent of the consolidated revenue for the fiscal years ended March 31, 2017 and 2016. The majority of the revenue is derived from the sale of energy meters.

Approximately 49% of the Company's workforce is subject to collective bargaining agreements expiring between 2017 and 2020. Approximately 10% of the Company's workforce is subject to collective bargaining agreements expiring within one year.

Note 23: Segment Information

In the fourth quarter of 2016 fiscal year, there was an organization shift in the business as a result of the planned Initial Public Offering in the SIX Swiss Exchange. As a result, the Company realigned retrospectively its operations into the following operating segments: Americas, EMEA (Europe, Middle East and Africa) and Asia Pacific, which are also our reportable segments. Prior to the realignment, the Company operated and managed its business as one distinct operating segment.

A description of each reportable segment is as follows:

- Americas – The Americas generates a majority of its revenue in the United States, with the residual balance produced in South America and Canada. The Americas reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, commercial/industrial and grid meters, system deployment services, managed network services, and other advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.
- EMEA - The EMEA segment produces the majority of its revenue in Europe with the residual balance generated in South Africa. The EMEA reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters,

prepayment electricity meters, electromechanical electricity meters, commercial/industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

- Asia Pacific – The Asia Pacific segment generates the majority of its revenue in Australia, China and India, while the residual balance is generated in Singapore. The Asia Pacific reportable segment designs, manufactures, markets, and sells the Company's Gridstream and advanced meter solutions, digital electricity meters, prepayment electricity meters, electromechanical electricity meters, commercial/industrial and grid meters, gas meters and prepayment solutions, heat and water meters and solutions, load control devices, system deployment services, and advanced metering infrastructure offerings including software, installation, implementation, consulting, maintenance support, and related services.

The Chief Operating Decision Maker (CODM) is the Company's Chief Executive Officer. The CODM allocates resources to and assesses the performance of each operating segment using the information outlined in the table below. Each operating segment offers products for different applications and markets and provides separate financial information that is evaluated regularly by the CODM. Decisions by the chief operating decision maker on how to allocate resources and assess performance are based on a reported measure of segment profitability.

We have two primary measures for evaluating segment performance: revenue to third parties (excluding any inter-company sales) and Segment Gross Profit. We define Segment Gross Profit as reported gross profit, excluding amortization of intangible assets and restructuring charges related to cost of revenue.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Net revenues		
Americas	$ 934'404	$ 896'305
thereof to external customers	931'190	893'909
thereof to other segments	3'214	2'396
EMEA	645'879	588'764
thereof to external customers	587'836	537'904
thereof to other segments	58'043	50'860
Asia Pacific	144'474	146'440
thereof to external customers	140'209	141'662
thereof to other segments	4'265	4'778
Elimination	(65'522)	(58'034)
Total Company	$ 1'659'235	$ 1'573'475
Segment Gross Profit		
Americas	$ 374'159	$ 351'116
EMEA	152'917	125'251
Asia Pacific	30'793	26'325
Elimination	285	(179)
Total Gross Profit by Segment	558'154	502'513
Amortization	(14'144)	(14'049)
Restructuring	(1'821)	(2'736)
Total Consolidated Gross Profit	$ 542'189	$ 485'728

The following table presents segment depreciation and amortization and capital expenditures for the fiscal years ended March 31, 2017 and 2016 (in thousands):

	Depreciation and Amortization		Capital Expenditure	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Americas	63'796	79'007	18'966	24'360
EMEA	19'914	19'124	19'710	14'890
Asia Pacific	5'328	4'555	3'674	4'337
Corporate	7'136	7'271	475	204
Total	$ 96'174	$ 109'957	$ 42'825	$ 43'791

The Company does not monitor total assets by operating segment and such information is not reviewed by the chief operating decision maker.

The following table represents the continuing operations' revenue for the years ended March 31, 2017 and 2016 and property, plant and equipment as of March 31, 2017 and 2016.

	Total		Americas		EMEA		Asia Pacific	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2016
Total revenue	$ 1'659'235	$ 1'573'475	$ 931'190	$ 893'909	$ 587'836	$ 537'904	$ 140'209	$ 141'662
thereof United States	809'160	728'863	809'160	728'863	-	-	-	-
thereof United Kingdom	179'516	166'361	-	-	179'516	166'361	-	-
thereof Switzerland	63'471	62'682	-	-	63'471	62'682	-	-
thereof Australia	73'640	72'942	-	-	-	-	73'640	72'942

	Total		Americas		EMEA		Asia Pacific	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
Property, plant and equipment	$ 188'832	$ 199'845	$ 126'608	$ 138'054	$ 49'995	$ 48'280	$ 12'229	$ 13'511
thereof United States	117'942	129'884	117'942	129'884	-	-	-	-
thereof United Kingdom	23'385	20'391	-	-	23'385	20'391	-	-
thereof Switzerland	1'900	2'443	-	-	1'900	2'443	-	-
thereof Australia	4'267	4'426	-	-	-	-	4'267	4'426

Sales to external customers are based on the location of the customer (destination). Disclosure of long-lived assets is based on the location of the asset.

Note 24: Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the balance sheet date through June 28, 2017, which is the date that the financial statements were available to be issued.

On June 1, 2017, the Company entered into a facility agreement with a lender in the amount of $215 million to replace the existing shareholder loan. On June 8, 2017, the Company received the funds from the lender and repaid the shareholder loan without any pre-payment penalties. The loan has a stated interest rate equal to the LIBOR rate plus a margin of 0.8% per annum. The principal including accrued interest is payable on May 31, 2018. The facility agreement also contains a financial covenant requiring that the Company´s debt divided by EBITDA be less than 2.00x and its EBITDA be greater than zero, on a quarterly rolling basis in respect of the most recent four financial quarters. Further, the Company is required to make a mandatory prepayment towards the facility in the amount of (1) 100% of the net proceeds from any capital market transactions (debt and equity transactions) of a Group Company (as defined by the facility agreement) within 45 days after proceeds are received by the Group Company and (2) the entire outstanding balance on the last day of the month of a change in control (as defined by the facility agreement) transaction.

In accordance with ASC 205-40, Going Concern, the Company has evaluated whether the maturity of the aforementioned loan (or a mandatory prepayment of the loan) raises substantial doubt about the Company's ability to continue as a going concern within one year after the date the financial statements are issued. In the event of a capital market transaction or in the event of change in control (as defined by the facility agreement), management will use the proceeds to first settle the outstanding debt thus alleviating substantial doubt of the Company's ability to continue as a going concern if a mandatory prepayment is required. In the absence of a required prepayment, the loan will become due at maturity whereby Management's plan for alleviating substantial doubt of the Company's ability to continue as a going concern includes refinancing the loan which Management believes it has the ability to do.

Effective April 1, 2017, the Company changed its primary measure of segment performance from Gross Profit to Adjusted EBITDA. The new measure of segment performance provided to the CODM to decide how to allocate resources and assess performance is due to the mentioned organization shift in the business for the planned Initial Public Offering in the SIX Swiss Exchange. The Adjusted EBITDA will be defined as net income (loss) excluding interest income and expense, net, gain (loss) on foreign exchange related to intercompany loans, net, depreciation and amortization, impairment of intangible and long-lived assets, restructuring charges, special warranty related expenses, special items, and income tax expense.