Enercare Solutions Inc.

Consolidated Financial Statements

Year Ended December 31, 2017

Dated March 5, 2018

March 5, 2018

Independent Auditor's Report

To the Shareholder of
Enercare Solutions Inc.

We have audited the accompanying consolidated financial statements of Enercare Solutions Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Enercare Solutions Inc. and its subsidiaries as at December 31, 2017 and December 31, 2016 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Enercare Solutions Inc.

Consolidated Statements of Financial Position

(in thousands of Cdn $) As at December 31,		2017		2016
Assets				
Current assets				
Cash and cash equivalents (note 4)	**$**	**30,939**	$	36,446
Accounts and other receivables (note 5)		**130,885**		116,984
Financing receivables (note 6)		**897**		319
Inventory (note 7)		**15,819**		15,168
Prepaid expenses		**13,344**		9,134
Collateral deposits (note 11)		**7,772**		9,842
Investment in Enercare Connections Inc. preferred shares (note 17)		**50,000**		50,000
Assets held for sale (note 32)		**17,168**		-
		266,824		237,893
Capital assets (note 8)		**631,166**		577,442
Intangible assets (note 9)		**609,890**		692,039
Employee benefit plan assets (note 18)		**3,784**		6,246
Goodwill (note 10)		**378,230**		378,137
Deferred tax asset (note 19)		**5,894**		5,727
Long-term financing receivables (note 6)		**9,320**		2,557
Other assets		**2,711**		1,994
	$	**1,907,819**	$	1,902,035
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 12)	**$**	**114,581**	$	136,004
Current portion of long-term debt (note 14)		**-**		250,000
Current portion of subordinated promissory notes (note 16)		**22,500**		-
Obligation under finance leases (note 13)		**8,970**		11,216
Related party payable (note 28)		**3,476**		5,572
Insurance claim provisions (note 11)		**8,810**		7,990
Other provisions (note 26)		**1,104**		1,107
Interest payable		**10,463**		4,742
Deferred revenue and service obligation (note 15)		**40,905**		41,400
Subordinated debt (note 17)		**50,000**		50,000
Liabilities held for sale (note 32)		**5,634**		-
		266,443		508,031
Long-term debt (note 14)		**1,027,449**		716,274
Long-term subordinated promissory notes (note 16)		**675,186**		708,379
Long-term obligations under finance leases (note 13)		**20,454**		14,408
Employee benefit plan obligation (note 18)		**25,993**		22,028
Deferred tax liability (note 19)		**99,797**		104,296
		2,115,322		2,073,416
Shareholder's equity				
Share capital (note 20)		**189,076**		189,076
Contributed surplus		**1,518**		728
Accumulated other comprehensive (loss) / income		**(5,725)**		8,618
Deficit		**(392,372)**		(369,803)
		(207,503)		(171,381)
	$	**1,907,819**	$	1,902,035

Commitments, contingent liabilities and assets held for sale are found in notes 20, 21 and 32, respectively.

Subsequent events are found in notes 32 and 33.

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

Enercare Solutions Inc.
Consolidated Statements of Income

(in thousands of Cdn $, except share and per share amounts) For the years ended December 31,		2017		2016
Revenues				
Contracted revenue	$	**482,729**	$	432,592
Sales and other services		**636,821**		416,761
Dividend income		**3,451**		3,452
Investment income		**1,349**		377
Total revenues		**1,124,350**		853,182
Expenses				
Cost of goods sold and services provided (note 24)				
Maintenance and servicing costs		**113,433**		84,705
Sales and other services		**419,965**		268,622
Selling, general & administrative (note 25)		**296,698**		224,625
Foreign exchange gain		**(583)**		(180)
Depreciation and amortization				
Capital assets (note 8)		**68,983**		62,082
Intangible assets (note 9)		**77,782**		73,937
Net loss on disposal of equipment and other assets (note 8, 9)		**8,542**		4,713
Gain on retirement of finance lease obligations		**(470)**		(230)
Interest				
Interest expense (note 14)		**72,232**		60,877
Make-whole charge on early redemption of debt (note 14)		**5,049**		-
		1,061,631		779,151
Earnings for the period before income taxes		**62,719**		74,031
Tax expense				
Current tax expense		**19,564**		51,358
Deferred income tax recovery		**(3,567)**		(31,318)
Total tax expense		**15,997**		20,040
Net earnings for the year	$	**46,722**	$	53,991

Enercare Solutions Inc.
Condensed Interim Consolidated Statements of Comprehensive Income

For the years ended December 31,		2017		2016
Net earnings for the year	$	**46,722**	$	53,991
Items that will not be reclassified to earnings				
Remeasurements of defined benefit plans (note 18)		**(4,508)**		3,641
Tax effect of remeasurements of defined benefit plans		**1,195**		(965)
Items that will be reclassified to earnings				
Net investment hedge of US dollar loans (note 23)		**8,785**		(5,080)
Tax effect of net investment hedge of US dollar loans		**(530)**		125
Foreign currency translation differences from foreign operations		**(19,285)**		10,794
Comprehensive income for the year	$	**32,379**	$	62,506

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

Enercare Solutions Inc.

Consolidated Statements of Changes in Equity

(in thousands of Cdn $) For the years ended December 31,		2017		2016
Share Capital				
Balance - beginning of year	**$**	**189,076**	$	189,076
Share Capital - end of period (note 20)		**189,076**		189,076
Contributed Surplus				
Balance - beginning of period		**728**		201
Equity contribution from parent		**790**		527
Contributed Surplus - end of year		**1,518**		728
Accumulated Other Comprehensive (Loss) / Income				
Balance - beginning of period		**8,618**		103
Remeasurements of defined benefit plans (note 18)		**(4,508)**		3,641
Net investment hedge of US dollar loans (note 23)		**8,785**		(5,080)
Foreign currency translation differences from foreign operations		**(19,285)**		10,794
Tax effect of net investment hedge of US dollar loans		**(530)**		125
Tax effect of remeasurements of defined benefit plans		**1,195**		(965)
Accumulated Other Comprehensive(Loss) / Income - end of year		**(5,725)**		8,618
Deficit				
Balance - beginning of year		**(369,803)**		(374,863)
Net earnings for the year		**46,722**		53,991
Dividends		**(69,291)**		(48,931)
Deficit - end of year		**(392,372)**		(369,803)
Shareholder's equity - end of period	**$**	**(207,503)**	$	(171,381)

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

Enercare Solutions Inc.

Consolidated Statements of Cash Flows

(in thousands of Cdn $, except share and per share amounts) For the years ended December 31,	**2017**	2016
Cash provided by/(used in):		
Operating activities		
Net earnings for the year	**$ 46,722**	$ 53,991
Items not affecting cash		
Depreciation and amortization		
Capital assets (note 8)	**68,983**	62,082
Intangible assets (note 9)	**77,782**	73,937
Loss on disposal of equipment and other assets	**8,542**	4,713
Gain on retirement of finance lease obligations	**(470)**	(230)
Non-cash foreign exchange expense / (gain)	**126**	(127)
Non-cash interest expense	**2,600**	1,865
Non-cash interest income	**(347)**	(168)
Defined benefit plan expense (note 18)	**4,513**	4,606
Employee share options and stock purchase plan	**790**	527
Deferred income tax recovery	**(3,567)**	(31,318)
Deferred customer inducements	**(717)**	(456)
Financing receivables	**(7,341)**	(2,876)
Contributions to defined benefit pension plan	**(3,152)**	(2,596)
	194,464	163,950
Net change in non-cash working capital (note 27)	**(29,632)**	(15,836)
Cash provided by operating activities	**164,832**	148,114
Investing activities		
Purchase of capital assets (note 8)	**(131,459)**	(127,901)
Purchase of intangible assets (note 9)	**(2,909)**	-
Acquisition of SE - net of cash received (note 31)	**-**	(375,163)
Acquisition of Hammond (note 31)	**(5,300)**	-
Acquisition of Church Services (note 31)	**(1,144)**	-
Acquisition of Aramendia (note 31)	**(30,556)**	-
Proceeds from disposal of vehicle leases	**1,245**	1,104
Proceeds from disposal of equipment - warranty recoveries	**2,495**	2,364
Proceeds from disposal of equipment - buyout receipts	**11,259**	7,514
Cash used in investing activities	**(156,369)**	(492,082)
Financing activities		
Dividends to shareholders	**(69,291)**	(55,087)
Proceeds from revolving credit facility (note 14)	**65,000**	15,000
Repayment of line of credit (note 14)	**(25,000)**	(50,000)
Issuance of promissory note (note 16)	**-**	227,504
Repayment of subordinated promissory notes (note 16)	**(10,693)**	(27,492)
Proceeds from issuance of long-term debt (note 14)	**500,000**	258,320
Repayment of obligations under finance leases	**(9,024)**	(6,129)
Repayment of long-term debt (note 14)	**(460,000)**	-
Financing costs on long-term debt (note 14)	**(2,881)**	(1,009)
Cash (used in) / provided by financing activities	**(11,889)**	361,107
Effect of foreign currency on cash and cash equivalents	**(2,081)**	1,726
(Decrease) / increase in cash and cash equivalents	**(3,426)**	17,139
Cash and cash equivalents - beginning of year	**36,446**	17,581
Cash and cash equivalents - end of year (note 4)	**$ 30,939**	$ 36,446
Supplementary information		
Interest paid	**$ 75,543**	$ 62,938
Income taxes paid	**$ 55,987**	$ 26,839

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

1. Organization and Nature of Business

Enercare Solutions Inc. ("Enercare Solutions") is a wholly-owned subsidiary of Enercare Inc. ("Enercare").

Enercare Solutions, through its wholly-owned subsidiaries, owns a portfolio of water heaters and other assets which are primarily rented to customers in Ontario.

Enercare Solutions is the successor to The Consumers' Waterheater Operating Trust. On October 20, 2014, Enercare Solutions acquired the Ontario home and small commercial services business of Direct Energy Marketing Limited ("DE"). The combined business unit is now referred to as "Enercare Home Services", which rents, sells and finances, water heaters, water treatment, furnaces, air conditioners and other HVAC rental products, and provides protection plans and on demand duct cleaning, plumbing and related services.

On May 11, 2016, Enercare Solutions acquired, through a merger, SEHAC Holdings Corporation (now SEHAC Holdings LLC or "SEHAC") (the "SE Transaction"), which owned the business operated under the Service Experts brands ("Service Experts"). Enercare Solutions purchased 100% of the outstanding shares of SEHAC. Service Experts provides sales, installation, maintenance and repair of heating, ventilation and air conditioning ("HVAC") systems directly to residential and light commercial customers operating in locations in the United States and Canada.

The head office of Enercare Solutions is located at 7400 Birchmount Road, Markham, Ontario, L3R 5V4.

2. Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Enercare Solutions has consistently applied the same accounting policies and methods of computation throughout all periods presented, as if these policies had always been in effect, except for the adoption of new accounting standards as described in note 3 under "Adoption of New Accounting Standards".

The consolidated financial statements have been presented in Canadian dollars, which is Enercare Solutions' functional currency and presentation currency. Certain subsidiaries acquired through the SE Transaction have a functional currency of US dollars.

Certain comparative amounts have been reclassified from the consolidated financial statements previously presented to conform to the current year's presentation. Additionally, as a result of the SE Transaction, certain balances in the consolidated statement of financial position as at December 31, 2016, including accounts receivable, intangible assets, goodwill, accounts payable and accrued liabilities and deferred tax liability, have been revised (note 31).

These financial statements were approved and authorized for issue by the board of directors on March 5, 2018.

3. Significant Accounting Policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of Measurement

The consolidated financial statements have been prepared under the historical cost convention, except for insurance provision claims (note 11), employee benefit plans (note 18) and assets held for sale (note 32).

Consolidation

The consolidated financial statements of Enercare Solutions consolidate the accounts of its subsidiaries. All inter-company transactions and balances from inter-company transactions are eliminated on consolidation.

Subsidiaries are those entities which Enercare Solutions controls. Enercare Solutions controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by Enercare Solutions and are de-consolidated from the date that control ceases. As of the date of these consolidated financial statements, 100% of the operating results and equity of the subsidiaries is attributable to Enercare Solutions.

Business Combinations

Business combinations are presented in accordance with IFRS 3R. Identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair values. Any excess purchase price over the identifiable net assets will be recorded as goodwill. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received.

Assets Held for Sale

Enercare Solutions qualifies an asset or group of assets as held for sale when management is committed to a plan to sell, the asset is available for immediate sale in its current state (subject to any conditions precedent that are usual in such disposals) and the sale is highly probable within 12 months. When Enercare Solutions is committed to a plan to sell a group of assets it classifies all of the assets and liabilities of the group concerned separately in the statement of financial position and identifies these as assets and liabilities held for sale, at values corresponding to the lower of the net carrying value and the fair value less disposal costs. Once classified as held for sale, the assets will no longer be depreciated or amortized. These assets and liabilities are classified as current because they are expected to be settled within 12 months. In addition, when the asset or group of assets held for sale represents a major line of business its contribution to the income statement is presented separately and its cash flow contribution is presented in the statement of cash flows.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and short-term investments with maturities of less than 90 days after the date of purchase.

Financial Instruments

Financial assets and financial liabilities are recognized when Enercare Solutions becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and Enercare Solutions has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation is eliminated or Enercare Solutions is no longer required to transfer economic resources to a third party in respect of the obligation.

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

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

(i) Financial assets and financial liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income within other gains and losses in the period in which they arise. Financial assets and financial liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the consolidated statement of financial position, which is classified as non-current.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Enercare Solutions' loans and receivables are comprised primarily of accounts receivables and cash and cash equivalents and are included in current assets due to their short-term nature. It also includes financing receivables which are included in current and long-term assets depending on their expected maturity. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest rate method less a provision for impairment.

(iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities, provisions, interest payable, dividends payable, deferred revenue, obligations under finance leases and long-term debt. Amounts are initially recognized at the amount required to be paid less, when material, a discount to reduce the amount to fair value. Subsequently, amounts are recognized at amortized cost using the effective interest rate method. Long-term debt is recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

(iv) A portion of the 2016 Term Loan (see Note 14 & 23) is designated as a hedge with respect to the foreign currency exposure as a result of Enercare Solutions' net investment in its US operations. The 2016 Term Loan is carried at amortized cost, however the foreign exchange translation adjustment related to the portion designated as a hedge is recorded in OCI along with the cumulative translation adjustment associated with the hedged item.

Impairment of Financial Assets

At each reporting date, Enercare Solutions assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, Enercare Solutions recognizes an impairment loss on financial assets carried at amortized cost as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Accounts Receivable

Accounts receivable are carried at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account ageing, previous experience and general economic conditions. When an accounts receivable is determined to be uncollectable it is written off, firstly against any provision available and then to the consolidated statement of income.

Subsequent recoveries of amounts previously provided for are credited to the consolidated statement of income.

Inventory

Inventory consists of furnaces, boilers, air conditioners held for sale or parts used in servicing equipment. Inventory is stated at the lower of cost and net realizable value. The cost of inventory is determined on a weighted average cost basis.

Inventory is considered for obsolescence based on current estimates of future sales and use.

Provisions

Provisions for legal claims, where applicable, are recognized when Enercare Solutions has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The discount rate, if applied, would be the risk free rate at the measurement date. Enercare Solutions performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Insurance Claims Provisions

Enercare Solutions has insurance coverage for claims related to workers compensation, automobile and general liability claims. This coverage includes a self-insured component which is funded to a third-party collateral account based on estimated claim losses for the plan year. The balance of the collateral account at December 31, 2017 represents the net of payments made by Enercare Solutions to fund into the collateral account, less payments from the collateral account to fund cost of paid claims (up to the self-insured retention), and is recognized as an asset in the statement of financial position.

Claims provisions are estimated by the appointed actuary and are based on assumptions such as historical loss development factors, payment patterns, future rates of insurance claims frequency and severity, inflation, expenses, taking into consideration the circumstances of the entity and the nature of the insurance policies. These liabilities are recognized on the statement of financial position and changes are recognized within cost of goods sold and claims expense in selling, general and administrative expenses on the statement of income.

Claims provisions are first determined on a case-by-case basis as insurance claims are reported and then reassessed as additional information becomes known. Included in claims provision is an estimate for the future development of these insurance claims, including insurance claims incurred but not reported by employees, customers, or other third-parties (“IBNR”), as well as a provision for adverse deviations.

Capital Assets

Capital assets are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset, including installation costs, labour and direct overhead. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Enercare Solutions and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statement of income during the period in which they are incurred.

The major categories of capital assets are depreciated over the estimated useful lives of the assets on a straight-line basis as follows:

Rental equipment	16 years
Furniture and fixtures	3-5 years
Computer equipment	3-5 years
Computer software	2-10 years
Vehicles	over the term of the lease
Leasehold improvements	over the term of the lease
Building	20 years
Land	Indefinite life

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of loss on disposal of equipment in the consolidated statement of income.

Leases

Leasing agreements which transfer to Enercare Solutions substantially all the benefits and risks of ownership of an asset are treated as finance leases, as if the asset had been purchased outright. Assets held under finance leases are depreciated on a basis consistent with similar owned assets or the lease term if shorter. The interest element of the finance leases is included in the consolidated statement of income. All other leases are operating leases and the rental costs are charged to the consolidated statement of income on a straight-line basis over the lease term.

Intangible Assets

Intangible assets are predominantly related to contractual customer relationships, customer contracts, brands and proprietary technology acquired in business combinations that are recognized at fair value at the acquisition date. The contractual customer relationships, customer contracts and proprietary technology have a finite useful life and are carried at cost less accumulated amortization and impairment charges. Amortization is calculated using the straight-line method over the expected life of 10 to 20 years. Brands acquired through the SE Transaction are determined to have indefinite lives.

Impairment of Non-financial Assets

Intangible assets and capital assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Indefinite life intangibles are reviewed for impairment annually or at any time if an indicator of impairment exists. For the purposes of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units or "CGU"). The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU). An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. When there are indications of a potential decrease in a prior period impairment loss, a reversal may be recognized through the consolidated statements of income. A change in amortization may be required based upon the estimated remaining service life.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Enercare Solutions' share of the identifiable net assets of the acquired business at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

For the purposes of impairment testing, goodwill is allocated to a CGU or group of CGUs which corresponds to the level at which goodwill is internally monitored by the Chief Operating Decision Maker (CODM).

The recoverable amount is the higher of value in use and fair value less costs of disposal. A goodwill impairment is recognized for any excess of the carrying amount of the CGU or groups of CGUs over its recoverable amount. Goodwill impairments are not reversible.

Long Term Compensation

Employee Share Purchase Plan

Enercare Solutions has an Employee Share Purchase Plan ("ESPP") for all eligible employees of Enercare Solutions. Under the plan, employees can purchase shares of Enercare, up to a maximum of $10 per year or 5% of base salary. Enercare Solutions will award one matching share of Enercare for every two shares purchased by an employee over a two year vesting period during which Enercare Solutions will recognize an expense over the vesting period. Employee contributions held by Enercare Solutions at the end of a period are classified as restricted cash until such time the funds are transferred to the administrative agent for the purchase of Enercare shares.

Income Tax

Enercare Solutions uses the liability method and determines deferred income tax assets and liabilities based on differences between the accounting and tax value of assets and liabilities. These are measured using the currently enacted, or substantially enacted, tax rates that will be in effect when the differences are anticipated to reverse. Deferred income tax assets are recognized to the extent that it is probable that the assets can be recovered.

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case income tax is also recognized directly in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted, at the end of the reporting period, and any adjustment to tax payable in respect to previous years.

Deferred income tax assets and liabilities are presented as non-current.

Relationship with Franchisees

In certain regions of Ontario, Enercare Solutions outsources the sale of air conditioners, boilers, furnaces and other services and protection plans to seven third party franchisees and earns royalties based on the revenue earned by the franchisees. As part of the arrangement, which expires in 2034, Enercare Solutions facilitates the invoicing and collection of receivable balances from the franchisees' customers and remits the franchisees' portion of the collected amounts, thereby recognizing as revenue the royalty earned. Royalty revenue of $12,926 (2016 - $13,702) was recognized during the year.

Enercare Solutions also manages an advertising fund ("Ad Fund"), established to collect and administer funds contributed by the franchisees for use in advertising programs. Contributions to the Ad Fund are based on a percentage of each franchisee's revenue. In accordance with IAS 18 "Revenue", these contributions are not recorded as revenue but are netted against the advertising expenses incurred by Enercare Solutions as it is acting in substance, as an agent for the franchisees with regard to these contributions.

Revenue

General

Revenue is recognized when it is probable that the economic benefits will flow to Enercare Solutions and delivery has occurred, the sales price is fixed or determinable and collectability is reasonably assured. These criteria are met at the time the service is provided or equipment is installed and depending on the delivery condition, title and risk have been passed to the customer and acceptance of the product, when contractually required, has been obtained. Revenue is measured based on the contract price, net of discounts at the time of sale.

Amounts paid in advance of revenue recognition are recorded as deferred revenue. Revenue recognized prior to invoicing is recorded as unbilled accounts receivable and is included in accounts receivable.

Enercare Solutions assesses the revenue recognition for principal versus agent considerations for its Enercare Home Services franchisee revenues. When a principal relationship exists, revenue is recognized on a gross basis and when an agent relationship exists, revenue is recognized on a net basis.

Contract Revenues

Rental Revenue

Rental revenue is primarily comprised of the rental of water heaters, furnaces, boilers and air conditioners and is recognized on a monthly basis, in line with the terms of the rental agreement.

Protection Plans

Within this product offering, Enercare Solutions provides both maintenance service contracts and full service protection plans. Under maintenance service contracts, Enercare Solutions is obligated to perform one annual maintenance service on the customer's equipment when requested by the customer. Maintenance service revenue is recognized when the service is performed, or when the performance period has expired.

Enercare Solutions offers certain arrangements where multiple-element arrangements may exist. The amount of revenue allocated to each element is based upon the relative fair values of the various elements. The fair values of each element are determined based on the current market price of each of the elements when sold separately.

Full service protection plans consist of fixed-fee service contracts for residential, air conditioners and furnaces directly with the end customer. These fixed-fee service contracts are for a twelve month term and are billed annually, quarterly or monthly in advance. Amounts billed are initially recorded as deferred revenue and recognized as revenue on a straight-line basis over the term of the service period. For protection plan sales originated by franchisees, Enercare Solutions earns royalties when the service contract is sold to the customer as the franchisee retains the service obligation.

In the event that the estimated future costs of full service protection plan contracts exceed the associated revenue to be recognized, a loss is recognized in net income immediately.

Sales and Other Services

Sale and Installation of Equipment

Sale and installation of equipment in the Home Services segment is primarily comprised of residential furnaces, boilers and air conditioners through both the corporate and franchised regions. In the Service Experts segment, sales and installations of equipment is primarily comprised of residential and commercial furnaces and air conditioners. Revenue is recognized as the service is provided.

Other Services

Other services include chargeable services such as on demand repairs and maintenance and duct cleaning, and royalties thereon when the services are performed by third party franchisees. Revenue from other services is recognized when the services are provided.

Interest Expense and Financing Charges

Costs associated with the arrangement of long-term financing are netted against the carrying value of the debt and amortized on an effective interest rate method over the expected term of the debt.

Foreign Currency Translation

Transactions in foreign currencies are translated to the respective functional currencies at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-measured to the functional currency at the exchange rate at that date. Foreign currency differences arising on re-measurement are recognized through the statement of income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Foreign currency gains and losses are reported in the statement of income on a net basis. The effect of currency translation adjustments on cash and cash equivalents is presented separately in the statements of cash flows.

Foreign Operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated from their functional currency to the presentation currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the presentation currency using average exchange rates for the period. Foreign currency differences are recognized in other comprehensive income ("OCI") in the foreign currency translation differences from foreign operations.

Financial instruments designated as a hedge of the foreign currency exposure of a net investment in foreign operations that are effective as a hedge are reported in the same manner as the foreign currency translation adjustment (in OCI) related to the net investment. To the extent that the hedge is ineffective, such differences are recognized in the statement of income.

Dividends

Dividends on shares are recognized in Enercare Solutions' consolidated financial statements in the period in which the dividends are approved by Enercare Solutions' board of directors.

Critical Accounting Estimates and Judgments

Enercare Solutions makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The following items are of significance for the period.

Revenue Accruals

At December 31, 2017, the Enercare Home Services segment recorded a revenue accrual of approximately $44,200 reflecting accrued service periods, compared to $46,400 at December 31, 2016. Unbilled protection plans comprise approximately $26,900 of this balance, compared to $28,200 at December 31, 2016. This balance is predominantly made up of protection plans sold in franchisee service areas, which are recognized as royalty revenue at inception but are invoiced over a period of twelve months. The remaining unbilled revenues reflect accrued service revenues for rental water heaters and other products.

At December 31, 2017, the Service Experts segment recorded a revenue accrual of approximately $4,500, primarily reflecting accrued revenue for contracts in progress, compared to $2,300 at December 31, 2016.

Bad Debt Provisions

The Enercare Home Services segment is exposed to credit risk in the normal course of business for customers who are billed directly by Enbridge Gas Distribution Inc. ("EGD") within its service territory and secondarily when billed by Enercare Solutions or are billed by EGD outside of its service territory. For billing within the EGD service territory, Enercare Solutions is guaranteed payment by EGD for 99.51% in 2017 and 2016 of the amount billed (subject to certain exceptions) 21 calendar days after the invoices are issued.

Management evaluates a number of factors and assumptions in the determination of the bad debt provision. The total bad debt provision comprising the Enercare Home Services and Service Experts segments was approximately $7,300 at December 31, 2017, compared to approximately $5,000 at the end of 2016. Changes in any of the variables or assumptions may result in a materially different amount.

Leases

Management applies judgment in its assessment of Enercare Solutions' arrangements with customers when determining the classification of leases and the extent to which the risks and rewards incidental to ownership resides with the company or the customer.

Impairment of Non-Financial Assets and Goodwill

Impairment tests are conducted at least annually, or when events or circumstances indicate impairment may exist. The recoverable amount is based upon a number of assumptions, including but not limited to: discount rates, billable units, cash flows and expenses. Changes in any of these assumptions may result in a materially different recoverable amount.

Employee Benefit Plans

Employee defined benefit plan balances, as described in note 18, are subject to a number of assumptions. The actuarial valuations rely on estimates and assumptions including those for wage escalation, mortality, health care and dental costs inflation, retirement ages, life expectancies and discount rates. Changes in these estimates could have a material impact on the employee benefit plans liability and employee benefit plan costs.

Recoverability of Deferred Tax Assets

Deferred tax assets are recognized to the extent that realization is considered probable. Judgments regarding projected future income and tax planning strategies are considered in making this assessment.

Business Combination

With respect to the fair value of acquired assets and assumed liabilities and other adjustments related to acquisitions, as described in notes 31 and 33, these consolidated financial statements have been prepared using the acquisition method of accounting, in accordance with IFRS 3R, Business Combinations, under which, the total fair value of the consideration transferred has been assigned to the assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition, with any excess purchase price allocated to goodwill. Changes may be expected as additional information becomes available following the closing dates. Accordingly, the final fair values determined may differ from those set forth in these consolidated financial statements and such differences may be material.

Estimation of Insurance Claims

Insurance liabilities are subject to measurement uncertainty. The recognized amounts of such items are based on Enercare Solutions' best information and judgment. Estimates and other judgments are continuously evaluated based on management's experience and expectations about future events, including insurance claims for events that have occurred but not yet been reported to management.

Adoption of New Accounting Standards

Enercare Solutions has adopted new or revised standards as required by IFRS, effective January 1, 2017.

IAS 7, “Statement of cash flows” (“IAS 7”), has been amended by the IASB to introduce additional disclosure that will allow users to understand changes in liabilities arising from financing activities. This amendment to IAS 7 is effective for annual periods beginning on or after January 1, 2017. Enercare Solutions has assessed the impact of adopting this amendment on these consolidated financial statements and has modified its debt disclosure to include movements in net debt between changes arising from cash and non-cash changes.

Accounting Standards Issued But Not Yet Applied

The following are accounting policy changes to be implemented by Enercare Solutions in future periods:

Revenue Recognition

IFRS 15, “Revenue from Contracts with Customers” (“IFRS 15”), provides a comprehensive five-step revenue recognition model for all contracts with customers. The IFRS 15 revenue recognition model requires management to exercise significant judgment and make estimates that affect revenue recognition. IFRS 15 is effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. Enercare Solutions is adopting this new standard on a full retrospective basis.

Enercare Solutions has assessed the impact of IFRS 15 on the consolidated financial statements and its revenue recognition policies and has identified the following key impact: For the Enercare Home Services segment, Enercare Solutions identified elements of variable consideration relating to customer credits impacting the transaction price for its portfolio of rental contracts, however, Enercare is currently evaluating the impact of this change.

Enercare Solutions is adopting IFRS 15 effective January 1, 2018, using the full retrospective basis and is in the process of implementing the appropriate changes in processes and internal controls to support revenue recognition and disclosure under the new standard. The accounting policy and the full impact of the new standards will be disclosed in the first quarter of 2018.

Financial Instruments

The final version of IFRS 9, “Financial Instruments” (“IFRS 9”), was issued by the IASB in July 2014 and will replace IAS 39, “Financial Instruments: Recognition and Measurement”. IFRS 9 introduces a model for classification and measurement, a single, forward-looking “expected loss” impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to loans and receivables measured at amortized cost, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity’s own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. In applying IFRS 9, Enercare Solutions expects that certain of its receivables, in particular, those issued at a discount to the contractual par amount, will not consist solely of payments of principal and interest due to prepayment features and will be measured at fair value through profit and loss. However, Enercare Solutions anticipates the majority of its receivables will be measured at amortized cost. Enercare Solutions plans to use the full three stage impairment model for those receivables measured at amortized cost recognizing twelve months of expected credit losses on those receivables without significant increases in credit risk and lifetime expected credit losses for those receivables that have significant increases in credit risk. Enercare Solutions’ assessment did not indicate any material impact regarding the classification of financial liabilities upon adoption of IFRS 9. Enercare Solutions does not expect its cash flows to be materially affected by the application of the standard and will reflect all new disclosure requirements affected by the introduction of IFRS 9 in the first quarter of 2018.

Financial Instruments Disclosures

IFRS 7, “Financial Instruments: Disclosures” (“IFRS 7”), has been amended by the IASB to require additional disclosures on transition from IAS 39 to IFRS 9. The amendment to IFRS 7 is effective for periods beginning on or after January 1, 2018. Enercare Solutions continues to evaluate the impact of adopting this standard on the consolidated financial statements. While Enercare Solutions’ preliminary assessments regarding the impact of the proposed changes are not material, the final impact and disclosure will be included with the 2018 first quarter results.

Leases

IFRS 16, “Leases” (“IFRS 16”), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than twelve months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15. Enercare Solutions is currently evaluating the impact of adopting this standard on the consolidated financial statements.

4. Cash and Cash Equivalents

As at December 31,	**2017**	2016
Cash at bank	**$30,939**	$36,446
Ending balance	**$30,939**	$36,446

5. Accounts and Other Receivables

As at December 31,	**2017**	2016
Billed accounts receivable	**$ 83,850**	$ 71,373
Unbilled accounts receivable	**48,709**	48,676
Current taxes receivable	**5,598**	1,984
Bad and doubtful debt provision	**(7,272)**	(5,049)
Accounts and other receivables (net of provision)	**$130,885**	$116,984
Bad and doubtful debt provision:		
Opening balance	**$ 5,049**	$ 6,055
Charge/(write-off) for the year	**2,223**	(1,006)
Provision ending balance	**$ 7,272**	$ 5,049

Unbilled accounts receivable of $26,948 (2016 - $28,179), primarily relate to protection plans sold in franchisee service areas which are recognized as royalty revenue at inception but are invoiced over a period of twelve months. The remaining unbilled accounts receivable reflect the unbilled service periods for residential water heaters and other products.

6. Financing Receivables

Financing receivables consist of loans to customers resulting from HVAC sales, which can be financed up to 180 months. Outstanding balances can be repaid at any time without penalty. The following table summarizes the activity related to the financing receivables for the years ended December 31, 2017 and 2016:

As at December 31,	**2017**	2016
Balance as at January 1	**$ 2,876**	$ -
Financing receivables added in the period	**10,454**	3,230
Repayments	**(860)**	(58)
Prepayments	**(2,253)**	(296)
Balance, end of period	**$ 10,217**	$ 2,876

7. Inventory

As at December 31,	**2017**	2016
Inventory	**$ 16,965**	$ 16,036
Reclassification to assets held for sale (note 32)	**(476)**	-
Less: inventory obsolescence	**(670)**	(868)
Inventory (net of provision)	**$ 15,819**	$ 15,168
Inventory obsolescence provision:		
Opening balance	**$ 868**	$ 781
(Reversal) / charge for the year	**(198)**	87
Provision ending balance	**$ 670**	$ 868

During the year ended December 31, 2017, $192,891 (2016 - $126,984) of inventory was recognized as part of cost of goods sold and services provided in the consolidated statement of income.

8. Capital Assets

	Rental Equipment	Vehicles	Buildings	Land	Other	Total
At December 31, 2015:						
Cost	$ 905,742	$ 9,226	$ -	$ -	$ 8,898	$ 923,866
Accumulated depreciation	(433,372)	(2,531)	-	-	(2,722)	(438,625)
Net book value	**$ 472,370**	**$ 6,695**	**$ -**	**$ -**	**$ 6,176**	**$ 485,241**
Additions	$ 118,671	$ 7,943	$ 46	$ -	$ 9,516	$ 136,176
Loss on disposal before proceeds	(14,876)	(819)	-	-	-	(15,695)
Acquisition – Service Experts	-	23,254	3,234	2,544	3,704	32,736
Foreign exchange	-	654	125	101	186	1,066
Depreciation for the year	(50,819)	(7,386)	(165)	-	(3,712)	(62,082)
At December 31, 2016	$ 525,346	$30,341	$3,240	$2,645	$15,870	$ 577,442
At December 31, 2016:						
Cost	$ 979,804	$39,636	$3,409	$2,645	$22,299	$1,047,793
Accumulated depreciation	(454,458)	(9,295)	(169)	-	(6,429)	(470,351)
Net book value	**$ 525,346**	**$30,341**	**$3,240**	**$2,645**	**$15,870**	**$ 577,442**
Additions	$ 127,679	$16,055	$ 6	$ -	$ 3,630	$ 147,370
Loss on disposal before proceeds	(16,527)	(899)	-	-	(882)	(18,308)
Acquisition – Church Services (note 31)	-	-	-	-	261	261
Acquisition – Hammond (note 31)	-	242			137	379
Acquisition – Aramendia (note 31)	-	1,006	-	-	79	1,085
Transfers of work in progress to intangibles	-	-	-	-	(4,403)	(4,403)
Foreign exchange	75	(1,573)	(203)	(174)	(395)	(2,270)
Depreciation for the year	(54,628)	(9,578)	(258)	-	(4,519)	(68,983)
Reclassification to assets held for sale (note 32)	-	(1,389)	-	-	(18)	(1,407)
At December 31, 2017	$ 581,945	$34,205	$2,785	$2,471	$9,760	$ 631,166
At December 31, 2017:						
Cost	$1,060,914	$50,657	$3,192	$2,471	$19,728	$1,136,962
Accumulated depreciation	(478,969)	(16,452)	(407)	-	(9,968)	(505,796)
Net book value	**$ 581,945**	**$34,205**	**$2,785**	**$2,471**	**$ 9,760**	**$ 631,166**

During the year ended December 31, 2017, the non-cash portion of additions decreased in the amount of $29 (2016 - $332 increase) for rental equipment. Included within the additions is $15,940 (2016 - $7,943) related to the purchases of vehicles under finance lease, which has also increased the respective obligations under finance leases by $15,940 (2016 - $7,943). Repayment of obligations under finance leases of $9,024 (2016 - $6,129) for the year ended December 31, 2017 has been included within the statements of cash flows.

9. Intangible Assets

	Customer Relationships	Brands	Software	Other	Total
At December 31, 2015:					
Cost	$1,146,528	$ -	$ -	$ -	$1,146,528
Accumulated depreciation	(623,699)	-	-	-	(623,699)
Net book value	**$ 522,829**	**$ -**	**$ -**	**$ -**	**$ 522,829**
Acquisition – Service Experts	$ 161,450	$73,621	$ -	$ -	$ 235,071
Foreign exchange	5,521	2,555	-	-	8,076
Amortization for the year	(73,937)	-	-	-	(73,937)
At December 31, 2016	$ 615,863	$76,176	$ -	$ -	$ 692,039
At December 31, 2016:					
Cost	$1,313,650	$76,176	$ -	$ -	$ 1,389,826
Accumulated depreciation	(697,787)	-	-	-	(697,787)
Net book value	**$ 615,863**	**$76,176**	**$ -**	**$ -**	**$ 692,039**
Acquisition – Church Services (note 31)	$ 209	$ -	$ -	$ -	$ 209
Acquisition – Hammond (note 31)	1,033	786	-	-	1,819
Acquisition – Aramendia (note 31)	2,400	8,741	-	77	11,218
Additions	-	-	2,909	-	2,909
Transfers of software from capital assets	-	-	4,403	-	4,403
Disposals for the year	-	-	(5,165)	-	(5,165)
Foreign exchange	(9,078)	(4,554)	28	(2)	(13,605)
Amortization for the year	(77,641)	-	(141)	-	(77,782)
Reclassification to assets held for sale (note 32)	(3,939)	(2,215)	-	-	(6,154)
At December 31, 2017	$ 528,847	$78,934	$2,034	$ 75	$ 609,890
At December 31, 2017:					
Cost	$1,303,023	$78,934	$2,175	$ 75	$1,384,207
Accumulated depreciation	(774,176)	-	(141)	-	(774,317)
Net book value	**$ 528,847**	**$78,934**	**$2,034**	**$ 75**	**$ 609,890**

Disposals consist of the non-recurring write-off of $5,165 during the year ended December 31, 2017 for software intangible assets related to an enterprise resource planning system which was being implemented by Service Experts.

10. Goodwill

The following table provides details by reporting segment regarding the changes in the carrying amounts of goodwill for the years ended December 31, 2017 and 2016.

	Enercare Home Services	Service Experts	Total
Opening balance January 1, 2016	$142,666	$ -	$142,666
Acquisition – Service Experts	-	227,459	227,459
Foreign exchange	-	8,012	8,012
At December 31, 2016	**$142,666**	**$235,471**	**$378,137**
Acquisition – Church Services (note 31)	$ -	$ 849	$ 849
Acquisition – Hammond (note 31)	-	2,965	2,965
Acquisition – Aramendia (note 31)	-	18,368	18,368
Foreign exchange	-	(12,958)	(12,958)
Reclassification to assets held for sale (note 32)	-	(9,131)	(9,131)
At December 31, 2017	**$142,666**	**$235,564**	**$378,230**

As described in note 3, Significant Accounting Policies, goodwill is reviewed for impairment annually, or at any time if an indicator of impairment exists.

For the annual impairment tests of goodwill and indefinite lived intangible assets, recoverable amounts are determined based on fair value less cost of disposal using discounted cash flows. The cash flow projections relating to the goodwill for the Enercare Home Services and Service Experts segments were established based on various assumptions. The following table summarizes the critical assumptions that were used in estimating fair value for the various entities:

Assumptions	**Range**
Estimated average revenue growth rate	1.2% to 7.6%
Terminal growth factor	2,0% to 3.0%
Post tax discount rate	8.1% to 13.5%

Management has concluded that no impairment charge was required for the year ended December 31, 2017.

11. Collateral Deposits and Insurance Claims Provisions

Enercare Solutions' Service Experts business uses a third party insurance company to provide coverage for workers compensation, automotive and general liability claims. Certain amounts paid to this insurance company are utilized to settle claim amounts above Enercare Solutions' insurance deductible limit, if and when these arise. The balance of the payments to this insurance company are to a general collateral deposit account which has been classified as a current asset and is used to fund claim payments related to the insurance claims provision. The insurance claims provision is a current liability estimating the amounts required to settle outstanding claims related to insured events below Enercare Solutions' insurance deductible limit. There is no legal right to offset the collateral amount with the claims provision.

As at December 31,	**2017**	2016
Collateral Deposits		
Opening balance January 1	$ 9,842	$ -
Acquisition – Service Experts	-	9,122
Additional deposits during the year	4,732	3,391
Claims spending during the year	(6,205)	(3,040)
Foreign exchange	(597)	369
Ending balance	**$ 7,772**	**$ 9,842**
Insurance Claim Provisions		
Opening balance January 1	$ 7,990	$ -
Acquisition – Service Experts	-	8,234
Additional provisions charged to the consolidated statement of income	8,002	2,483
Claims spending during the year	(6,610)	(3,040)
Foreign exchange	(572)	313
Ending balance	**$ 8,810**	**$ 7,990**

12. Accounts Payable and Accrued Liabilities

As at December 31,	**2017**	2016
Accounts payable	**$ 43,206**	$ 37,669
Accruals and other payables	**50,275**	46,059
Compensation payable	**21,325**	19,426
Current taxes payable	**84**	32,850
Reclassification to liabilities held for sale (note 32)	**(309)**	-
Ending balance	**$114,581**	$136,004

13. Obligations Under Finance Leases

Obligations under vehicle finance leases are secured by the leased vehicles. Enercare Solutions has master lease agreements with various lessors, where the lessors will acquire vehicles and lease them to Enercare Solutions.

The obligations under finance leases in the Enercare Home Services segment bear floating interest rates that are either 2.5% above the one month banker's acceptance rate per annum or equal to the yield of interest rate swaps as quoted in the Federal Reserve system per annum. The obligations under vehicle finance leases in the Service Experts segment during the period bear fixed interest rates of 0.97% to 2.44%, at floating interest rates that are 2.5% above the three month banker's acceptance rate or 0.75% above the three month LIBOR rate per annum. The finance leases mature at dates ranging between January 2018 and September 2024. During the year ended December 31, 2017, Enercare Solutions recognized $807 (2016 - $526) of interest expense related to the obligations under finance leases.

As at December 31,	**2017**	2016
Obligations under finance leases	**$ 30,786**	$ 25,624
Less: current portion	**(8,970)**	(11,216)
Reclassification to liabilities held for sale (note 32)	**(1,362)**	-
	$ 20,454	$ 14,408

Future minimum lease payments under finance leases are as follows:

As at December 31,	Principal	Interest	Lease Payments
Due in 2018	$ 9,397	$ 683	$ 10,080
Due in 2019	8,626	449	9,075
Due in 2020	7,151	241	7,392
Due in 2021	4,428	92	4,520
Due in 2022	1,173	11	1,184
Thereafter	11	-	11
	$30,786	$1,476	$32,262

14. Debt

Current and long term debts:

	As at December 31, 2015		Cash flows		Non-cash changes			As at December 31, 2016	
	Current	Non-current	Net Draws/ (Repayments)	Deferred Financing Costs on New Debt	Foreign Exchange	Transfer to Current Portion	Amortization of Financing Costs	Current	Non-current
2014 Revolver	$ -	$ 50,000	$(35,000)	$ -	$ -	$ -	$ -	$ -	$ 15,000
2012 Notes	-	250,000	-	-	-	250,000	-	250,000	-
2013 Notes	-	225,000	-	-	-	-	-	-	225,000
2014 Term Loan	-	210,000	-	-	-	-	-	-	210,000
2016 Term Loan	-	-	258,320	-	10,220	-	-	-	268,540
Financing fees	-	(2,282)	-	(1,009)	-	-	1,025	-	(2,266)
Total	**$ -**	**$732,718**	**$223,320**	**$(1,009)**	**$10,220**	**$250,000**	**$1,025**	$250,000	$716,274

	As at December 31, 2016		Cash flows		Non-cash changes			**As at December 31, 2017**	
	Current	Non-current	Net Draws/ (Repayments)	Deferred Financing Costs on New Debt	Foreign Exchange	Transfer to Current Portion	Amortization of Financing Costs	**Current**	**Non-current**
2014 Revolver	$ -	$ 15,000	$ 40,000	$ -	$ -	$ -	$ -	**$ -**	**$ 55,000**
2012 Notes	250,000	-	(250,000)	-	-	-	-	**-**	**-**
2013 Notes	-	225,000	-	-	-	-	-		**225,000**
2014 Term Loan	-	210,000	(210,000)	-	-	-	-	**-**	**-**
2016 Term Loan	-	268,540	-	-	(17,640)	-	-	**-**	**250,900**
2017 Notes	-	-	500,000		-		-	**-**	**500,000**
Financing fees	-	(2,266)	-	(2,881)	-	-	1,696	**-**	**(3,451)**
Total	**$250,000**	**$716,274**	**$ 80,000**	**$(2,881)**	**$(17,640)**	**$ -**	**$ 1,696**	**$ -**	**$1,027,449**

The senior debt includes the $225,000 4.60% 2013-1 Senior Unsecured Notes (the “2013 Notes”) maturing on February 3, 2020, with semi-annual interest payments due on February 3 and August 3 in each year. On March 23, 2017, the $250,000 4.30% 2012-1 Senior Unsecured Notes (the “2012 Notes”) were redeemed. The remaining unamortized financing costs of $364 were amortized into interest expense upon the repayment of the 2012 Notes.

The senior debt also includes Enercare Solutions’ completed debt offering on February 21, 2017 of $500,000 aggregate principal amount, consisting of $275,000 of "2017-1 Notes" and $225,000 of “2017-2 Notes” (together, the “2017 Notes”), maturing on February 21, 2022 and February 21, 2024, respectively. The 2017-1 Notes were sold at a price of 99.982% of the principal amount, with an effective yield of 3.38% per annum if held to maturity and the 2017-2 Notes were sold at a price of 99.982% of the principal amount, with an effective yield of 3.99% per annum if held to maturity. Deferred financing costs of $2,881 are in relation to the issuance of the 2017-1 Notes and 2017-2 Notes.

The proceeds of the offering were used to repay the 2014 Term Loan on February 23, 2017, redeem the 2012 Notes on March, 23 2017, and repay a portion of the 2014 Revolver.

The 2014 Term Loan was repaid on February 23, 2017 and consisted of a $210,000 non-revolving, non-amortizing variable rate term loan (the “2014 Term Loan”). The 2014 Term Loan bore interest at a variable rate based upon the prime rate plus 0.25%, which was 2.95% at the time of repayment. The remaining unamortized financing costs of $406 were amortized into interest expense upon the repayment of the 2014 Term Loan.

In conjunction with the SE Transaction, on May 11, 2016, Enercare Solutions entered into a USD $200,000 4-year variable rate term credit facility, (the “2016 Term Loan”) maturing on May 11, 2020, which bears interest at LIBOR plus 125 basis points, or base rate plus 25 basis points at Enercare Solutions’ credit rating as of the date hereof which was 2.79% at December 31, 2017. Deferred financing costs of $1,009 in 2016 are in relation to the 2016 Term Loan entered into in conjunction with the SE Transaction.

On October 20, 2014, Enercare Solutions entered into a $100,000, five-year revolving, non-amortizing variable rate credit facility (the "2014 Revolver"), which has a standby fee of 0.25%. During the fourth quarter of 2016, Enercare Solutions increased the 2014 Revolver limit to $200,000, maintaining the same terms. At December 31, 2017, a total of $55,000 was drawn bearing interest at a variable rate based upon the banker's acceptance rate plus 1.25%, which was 2.80% at December 31, 2017. As of March 5, 2018, $90,000 was drawn on the 2014 Revolver.

The 2013 Notes, 2014 Revolver, 2016 Term Loan and 2017 Notes contain the following financial covenants (i) all additional incurrences of senior debt, with certain exceptions, must, on the date of incurrence, result in a pro forma ratio equal to or greater than 3.8 to 1.0 of Incurrence EBITDA (as defined in the indenture) to Net Interest Expense (as defined in the indenture); (ii) the ratio of total debt (other than subordinated debt) to "Adjusted EBITDA" must be less than 4.75:1; and (iii) the ratio of Adjusted EBITDA to "Cash Interest Expense" must be greater than 3.00:1.

Enercare Solutions was in compliance with all covenants under the 2013 Notes, 2014 Revolver, 2016 Term Loan and 2017 Notes as at December 31, 2017.

Interest Expense:

	2017	2016
Interest expense payable in cash	**$38,016**	$29,973
Interest on subordinated debt	**3,500**	3,500
Interest on promissory notes	**28,116**	25,341
Equity bridge financing fees	**-**	198
Make whole payment on early repayment of senior debt	**5,049**	-
Non-cash items:		
Notional interest on employee benefit plans	**904**	840
Amortization of financing costs	**1,696**	1,025
Interest expense	**$77,281**	$60,877

Interest expense payable in cash is primarily associated with debt activity. Notional interest relates to employee benefits plans acquired and amortization of financing costs includes previously unamortized costs associated with debt. A make whole payment for the early redemption of the 2012 Notes during 2017 resulted in $5,049 of one-time interest expense.

As part of the SE Transaction, SE Subscription Receipts were issued and were subsequently exchanged for shares in conjunction with the closing of the SE Transaction. Equity bridge financing fees of $198 were incurred as part of the SE Transaction in 2016.

15. Protection Plan Contracts

Full service protection plans are fixed-fee service contracts for residential air conditioners and furnaces. The contracts protect the customer against the risk of breakdowns, resulting in the transfer of an element of risk to Enercare Solutions. Benefits provided to the customer vary in accordance with the terms and conditions of the contract entered into; however, they generally include maintenance, repair and/or replacement of items affected. A provision for anticipated claims is not recognized due to the short elapsed time between an incident and settlement.

The levels of risk exposure and service provision to customers are dependent on the occurrence of uncertain future events, in particular the nature and frequency of faults and the cost of repair or replacement of the items affected. Accordingly, the timing and amount of future cash outflows associated with the contracts is uncertain. The key terms and conditions that affect future cash flows are as follows:

The provision of parts and labour for repairs, dependent on the agreement and associated level of service; and

There is no limit to the number of call-outs to carry out repair work and limits on certain servicing and repair costs.

When the estimated future costs of protection plan contracts exceed the associated revenue to be recognized, a loss is recognized in net earnings immediately. The future costs of the protection plan contracts are dependent on the number and nature of service requests for the associated equipment. Management estimates the future costs of protection plan contracts based on its historical experience of service requests for similar equipment and manages risk by monitoring the cost of service requests, product reliability and limiting a majority of the contract terms to one year.

Amounts recognized relating to revenues, related to protection plans and maintenance contracts are as follows:

	2017	2016
Revenue	**$136,037**	$105,132

Total deferred revenue and service obligations recognized on the consolidated financial statements include the following:

As at December 31,	**2017**	2016
Deferred revenue	**$43,281**	$32,054
Service obligations	**-**	9,346
Reclassification to liabilities held for sale (note 32)	**(2,376)**	
Deferred revenue and service obligations	**$40,905**	$41,400

The movement relating to the service obligation as a result of the SE Transaction is as follows:

As at December 31,	**2017**	2016
Opening balance as of January 1	**$ 9,346**	$ -
Additions to obligations through acquisition of Service Experts	**-**	25,393
Released during the year	**(9,142)**	(16,549)
Foreign exchange	**(204)**	502
Service obligation	**$ -**	$ 9,346

16. Long Term Subordinated Promissory Notes

On January 1, 2011, the $381,755 Series 1 subordinated debt outstanding to Enercare was redeemed for additional equity consideration and the issuance of a $100,000 subordinated promissory note. On September 28, 2012, a $150,000 subordinated promissory note was issued by Enercare. On October 20, 2014, an additional $317,367 subordinated promissory note was issued by Enercare (collectively, the “Subordinated Promissory Notes”) as part of the OHCS Acquisition. During 2015, $59,000 of the Subordinated Promissory Notes was repaid. During 2016, $27,492 of the Subordinated Promissory Notes was repaid. The Subordinated Promissory Notes bear interest at rates notified by the holder. The notes have no fixed repayment terms, but are redeemable at the option of Enercare Solutions at a price equal to the principal amount thereof plus accrued and unpaid interest to the date of redemption. On May 11, 2016, a $227,504 subordinated promissory note was issued by Enercare as part of the SE Transaction. The note had similar terms as the Subordinated Promissory Notes. A portion of the notes has been classified as current as Enercare Solutions intends to repay $22,500 in the near term. During 2017, $10,693 of the Subordinated Promissory Notes were repaid.

17. Subordinated Debt

On July 6, 2011, through a series of transactions, Enercare Solutions invested $250,000 in preferred shares of Stratacon Inc. (“Stratacon”), a subsidiary of Enercare. On January 1, 2012, 1759857

Ontario Limited, Stratacon and Enercare Connections Inc. amalgamated. The name of the amalgamated entity is Enercare Connections Inc. ("ECI"). The investment was funded through a short term bank loan. The preferred shares accrue cumulative dividends at 6.90% and are both redeemable and retractable. Stratacon, now ECI, invested the proceeds by providing a loan to a subsidiary of Enercare Solutions. The intercompany loan is a demand loan and bears interest at 7.00% (the "Subordinated Debt"). The subsidiary used the proceeds from the loan to repay existing obligations due to Enercare Solutions from the subsidiary. Both the preferred shares and the Subordinated Debt have been classified as short term due to their underlying features. At December 31, 2017, $50,000 of the preferred shares and Subordinated Debt are outstanding.

18. Employee Benefit Plans

Enercare Solutions provides a Registered Pension Plan ("RPP") to qualifying employees, which has both defined benefit and defined contribution components. The defined benefits provide for partially indexed pensions based on years of service and the final 5 years' average earnings for contributory service and final 3 years' average earning for non-contributory service. The defined benefit component of the RPP is closed to new members.

Enercare Solutions also provides other post-employment benefits other than pensions to qualifying employees ("OPEB"), these include medical, dental and insurance benefits. The OPEB is closed to new members.

The cost of employee benefit plans is recognized as the transferred employees provide service to Enercare Solutions and the obligation for these plans were measured individually at December 31, 2017 and 2016, as the present value of the benefit obligation less the fair value of plan assets. The cost of the defined benefit plan is actuarially determined using the projected unit credit method and the use of best estimates of compensation level increase, retirement ages of workers, mortality rates, health costs and other factors. Remeasurements, which include actuarial gains and losses, are recognized in other comprehensive income, with the exception of any changes to the reimbursement amount prior to the transfer of the plan, as described above.

Regulatory Framework

The RPP is a registered pension plan under the Ontario Pension Benefits Act ("PBA"), which requires certain minimum benefit standards and funding levels. Minimum funding requirements under the PBA are determined based on actuarial valuations on both a going concern and solvency basis that are required at a minimum of every three years. The last actuarial valuation for funding purposes was as at January 1, 2017 and the next valuation will be prepared prior to January 1, 2020. Deficits under the going concern basis may be funded over a period up to 15 years, beginning one year from the valuation date. In addition, solvency valuations must be performed which simulate a plan wind-up. Deficiencies established on a solvency basis may be funded over a period of up to five years, beginning one year from the valuation date (post-retirement cost of living adjustments are not required to be included in the solvency liabilities).

The OPEB is not funded in advance.

Funding of the RPP

Enercare Solutions' practice is to contribute to the RPP the minimum required under the PBA, but additional contributions may be made at Enercare Solutions' discretion. The employees do not make contributions to the RPP.

Governance of Defined Benefit Pension Plans

Enercare Solutions assumed the sponsorship and administration of the RPP on January 28, 2016 from DE. Enercare Solutions now oversees the administration of the pension plans in accordance with applicable legislation and approved the governance structure, including the mandates of those to whom administrative duties and responsibilities were delegated.

Risks

Given that employees do not make contributions to the employee benefit plans, Enercare Solutions generally bears the risks associated with the defined benefit plans. Sources of risks for Enercare Solutions' defined benefit plans as at December 31, 2017 include:

Investment Risk

The pension plans invest their assets in a variety of asset classes including Canadian equity, US equity, international equity, emerging markets, universe and long term fixed income, and real estate. All of these asset classes contain investment risk. Fixed income investments are generally a better match to the liability profile of a pension plan, but other asset classes are generally expected to earn a higher return over a long time horizon.

As the RPP plan is a funded plan and is invested in a variety of asset classes, market return is a significant source of risk to the pension plan. Asset return impacts both the progression of the balance sheet liability over time and the contributions that are required to keep the plan funded over the long term.

Corporate Bond Yields

The discount rate used when reporting the liability for the statement of financial position purposes is determined in reference to corporate bond yields. When yields decrease the liabilities in the plans rise, and conversely when yields increase the liabilities in the plans decrease. While some of the assets for the funded plan are invested in corporate bonds, this represents a small portion of the overall liabilities in the plans. This mismatch means that the overall deficit position is subject to the movements in corporate bond yields. This risk is a significant source of variation in the employee benefit plans liability from year to year.

Government Bond Yields

The discount rate used when determining the RPP's solvency position for funding purposes is determined in reference to government bond yields. When yields decrease the liabilities in the plan rise, and conversely when yields increase the liabilities in the plan decrease. While some of the assets are invested in government bonds, the weighting is less than the overall liabilities in the plan. This mismatch means that the funded status of the plan for cash contribution purposes is subject to movements in government bond yields. Government bond yields represent a significant risk associated with the cash funding requirements of the RPP.

Longevity

The benefits payable to members are generally provided for the life of the member as well as the member's spouse. The life expectancy of members is a significant assumption used in the determination of the plans' liabilities, and increases in life expectancy, or the survival experience of members being higher than expected, will lead to increases in the plans' liability. This risk is particularly significant because the cost of benefits in all plans is linked to inflation, further increasing the cost of benefits if members live longer than expected.

Inflation

The benefits payable to members in the RPP are increased by a proportion of the increase of the Consumer Price Index each year. In addition, active member's benefits are linked to final average earnings, and earnings increases are typically seen to increase in high inflationary environments. The benefits payable to members in the post-retirement benefits plan generally increase with increases in medical costs. All of these assumptions are linked to inflation. An increase in the inflation assumption, or a period of high inflation, will generally increase the liabilities. Given the strong link the benefits have to inflation this is a significant source of risk. The medical trend rate, while linked with inflation, has traditionally been higher than inflation and represents an additional, and significant, source of inflation risk for the post-retirement benefits plan.

Risk Controls

Enercare Solutions manages the risks through plan design reviews, as appropriate, and regular valuations of the plan. Investment risks are managed through quarterly monitoring. Pension plan risks are controlled through the governance process in place with the Compensation Committee.

The total cost of the employee benefit plans recognized in selling, general and administrative, interest income and interest expense are as follows:

As at December 31,	**2017**	2016
Pension		
Current service cost	**$3,383**	$3,687
Interest (income)/expense	**(347)**	(168)
Administrative expenses	**294**	83
	$3,330	$3,602
OPEB		
Current service cost	**$ 836**	$ 836
Net interest cost	**905**	840
	$1,741	$1,676

Remeasurements of the employee benefit plans recognized in other comprehensive income are as follows:

As at December 31,	**2017**	2016
Pension		
Actuarial (loss)/gain	**$(2,256)**	$4,291
OPEB		
Actuarial loss	**$(2,252)**	$ (650)
	$(4,508)	$3,641

Employee Benefit Plan Assets and Liability

The liability for the employee benefit plans is comprised of the following:

As at December 31,	**2017**	2016
Pension		
Present value of defined benefit obligations	**$(105,216)**	$(90,701)
Fair value of plan assets	**109,000**	96,947
	$ 3,784	$ 6,246
OPEB		
Present value of unfunded defined benefit obligations	**$ (25,993)**	$(22,028)
	$ (22,209)	$(15,782)

Defined Benefit Obligations

The movements in the total present value of defined benefit obligations are as follows:

As at December 31,	**2017**	2016
Pension		
Obligation, beginning of year	**$ 90,701**	$87,690
Transfers of employees after acquisition date	**-**	172
Current service cost	**3,383**	3,687
Interest expense on the defined benefit obligations	**3,713**	3,490
Gains arising from demographic assumptions	**(4,922)**	-
Losses/(gains) arising from changes in financial assumptions	**5,788**	(2,912)
Losses arising from changes in experience adjustments	**7,869**	-
Benefits paid	**(1,316)**	(1,426)
Obligation, end of year	**$105,216**	$90,701
OPEB		
Obligation, beginning of year	**$22,028**	$19,744
Current service cost	**836**	836
Interest expense	**905**	840
Actuarial loss	**2,252**	650
Benefits paid	**(28)**	(42)
Obligation, end of year	**$25,993**	$22,028

Fair Value of the Plan Assets

The movement in the total fair value of plan assets is as follows:

As at December 31,	**2017**	2016
Pension		
Fair value, beginning of year	**$ 96,947**	$79,586
Transfers of employees after acquisition date	**-**	172
Interest income	**4,060**	3,658
Actuarial gains	**6,479**	1,379
Reimbursement right contributions	**-**	11,107
Contributions	**3,124**	2,554
Benefits paid	**(1,316)**	(1,426)
Administrative expenses	**(294)**	(83)
Fair value, end of year	**$109,000**	$96,947

Plan assets are comprised of the following:

	2017	2016
Plan assets by major category		
Canadian large cap equities	**4.8%**	10.0%
Canadian small cap equities	**0.2%**	3.5%
US equities	**0.0%**	16.8%
International equities	**0.0%**	11.0%
Emerging markets	**15.0%**	3.5%
Canadian long bonds	**44.1%**	45.2%
Canadian inflation linked bonds	**9.6%**	0.0%
Canadian mid-term bonds	**9.2%**	0.0%
Canadian short-term bonds	**7.1%**	0.0%
Real estate pooled funds	**10.0%**	10.0%
Cash and short term	**0.0%**	0.0%
Total	**100.0%**	100.0%

Actuarial Assumptions

The significant actuarial assumptions used in the determination of the present value of the defined benefit obligation are as follows:

As at December 31,		**2017**	2016
Pensions			
Discount rate (RPP)		**3.66%**	4.14%
Salary growth rate - Union	From 2015	**2.50%**	3.00%
Salary growth rate - Non-Union	Until 2015	**3.50%**	3.75%
	From 2016	**3.50%**	4.25%
Inflation		**2.00%**	2.00%
Increase in maximum pension limit		**2.50%**	3.00%
Mortality table		**CPM Private using projection scale CPM-B**	CPM Private using projection scale CPM-B
Male life expectancy, age 60		**26.1 years**	26.1 years
Male life expectancy, age 65		**21.7 years**	21.6 years
Female life expectancy, age 60		**28.8 years**	28.8 years
Female life expectancy, age 65		**24.1 years**	24.1 years
OPEB			
Weighted average assumptions to determine defined benefit obligations:			
Discount rate		**3.68%**	4.12%
Mortality table		**Final CPM 2014 Private Mortality Table with scale CPM-B**	Final CPM 2014 Private Mortality Table with scale CPM-B
Immediate health care cost trend rate		**5.56%**	5.65%
Ultimate health care cost trend rate		**4.00%**	4.00%
Year reached ultimate health care cost trend rate		**2029**	2029
Weighted average assumptions to determine defined benefit costs:			
Discount rate		**4.12%**	4.27%
Mortality table		**Final CPM 2014 Private Mortality Table with scale CPM-B**	Final CPM 2014 Private Mortality Table with scale CPM-B
Immediate health care cost trend rate		**5.65%**	5.75%
Ultimate health care cost trend rate		**4.00%**	4.00%
Year reached ultimate health care cost trend rate		**2029**	2029

Sensitivity Analysis

	Increase in Liability December 31, 2017
Pensions	
100 basis point decrease in the discount rate	**$23,428**
100 basis point increase in the long term salary rate	**7,728**
Impact on the cost of living adjustments of a 100 basis point increase in inflation	**7,392**
90% of mortality rates	**2,002**
100% basis point increase in the prior year pensionable earnings	**879**
OPEB	
100 basis point decrease in the discount rate	**$ 6,714**
Impact of a 1 year increase in life expectancy	**928**
100 basis point increase in health care cost trend rates	**6,365**

Maturity Analysis

The approximate duration of the pension plans is 20.1 years while the approximate duration of the other long-term benefits plan is 23.0 years. The undiscounted liabilities of the plan can be broken into the following durations:

As at December 31, 2017	Less than 1 year	1 to 2 years	2 to 5 years	More than 5 years	Total
Pension	**$2,045**	**$2,266**	**$7,886**	**$209,778**	**$221,975**
OPEB	**213**	**296**	**1,409**	**58,980**	**60,898**
Total	**$2,258**	**$2,562**	**$9,295**	**$268,758**	**$282,873**

Defined contribution plans

During 2017, Enercare Solutions recognized an expense, representing employer contributions to the defined contribution plans, in the amount of $1,734.

19. Income Taxes

The reconciliation of income taxes computed at the statutory tax rates to income tax expense/(recovery) is as follows:

For the year ended December 31,	**2017**	2016
Tax expense at statutory rate of 26.50% (2016 – 26.5%)	**$16,621**	$19,618
Tax effects of:		
(Non-taxable)/non-deductible expenses	**(1,249)**	(1,760)
Tax rate differentials	**1,867**	2,254
Book to return differences	**470**	51
State taxes	**312**	-
Effect of change in future tax rates	**(1,953)**	-
Other	**(71)**	(123)
Total	**$15,997**	$20,040
Current tax expense	**$19,564**	$51,358
Deferred income tax recovery	**(3,567)**	(31,318)
Total tax expense	**$15,997**	$20,040

Enercare Solutions operates in multiple jurisdictions with differing tax rates. Enercare Solutions' effective tax rates are dependent on the jurisdiction to which income relates. Enercare Solutions measures deferred tax assets and liabilities using enacted or substantively enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or settled. Accordingly, the deferred tax assets and liabilities were remeasured to reflect the reduction in the U.S. corporate income tax rate from the 2017 Tax Cuts and Jobs Act, resulting in a $1,953 decrease in net deferred tax liability.

Deferred income tax asset and liability

The deferred income tax asset and liability on Enercare Solutions' consolidated statement of financial position reflect the estimated tax on temporary and other differences. The movements of the deferred income tax accounts are as follows:

As at December 31,	**2017**	2016
As at January 1:	**$(98,569)**	$(123,487)
Step up of deferred income tax on the SE Transaction	**-**	(5,617)
Deferred tax on remeasurements of defined benefit plan and other items booked to OCI	**665**	(840)
Reclassification to assets held for sale	**1,587**	-
Other	**(1,153)**	57
Deferred income tax recovery	**3,567**	31,318
Total	**$(93,903)**	($98,569)

Enercare Solutions' management expects that the deferred tax assets will be recoverable based on the expected growth and profitability of the business.

The balance of the deferred income tax asset and liability classified by temporary differences is as follow:

As at December 31,	**2017**	2016
Deferred tax asset		
Allowances and provisions	**$ 6,833**	$ 6,463
Financing fees	**33**	-
Employee future benefit obligations	**5,893**	4,182
	$ 12,759	$ 10,645
Deferred tax liability		
Equipment and intangible assets	**$(103,821)**	$(108,345)
Temporary difference – subsidiary tax year end	**(2,369)**	(678)
Other	**(472)**	(191)
	(106,662)	(109,214)
Total	**$ (93,903)**	$ (98,569)

Classification

As at December 31,	**2017**	2016
Deferred tax asset	**$ 5,894**	$ 5,727
Deferred tax liability	**(99,797)**	(104,296)
Total	**$ (93,903)**	$ (98,569)

Deferred income tax liabilities have not been recognized for the withholding tax and other taxes that would be payable on unremitted earnings of certain subsidiaries, as such amounts are permanently reinvested. Unremitted earnings totaled $21,156 at December 31, 2017.

20. Share Capital

As at December 31,		**2017**		2016
Shares Issued and Outstanding	**Shares**	**Dollars**	Shares	Dollars
Opening balance at January 1:	**1,169**	**$189,076**	1,169	$189,076
Totals	**1,169**	**$189,076**	1,169	$189,076

Enercare Solutions' articles of amalgation provide for the issuance of an unlimited number of shares. As at December 31, 2017, there were 1,169 shares issued and outstanding.

21. Commitments

Under operating lease agreements for office premises, office equipment and sponsorship agreements, Enercare Solutions is required to make annual minimum payments. The aggregate amount of future minimum payments is as follows:

As at December 31,	2017
Due in 2018	**$ 6,647**
Due in 2019	**3,931**
Due in 2020	**2,981**
Due in 2021	**3,881**
Due in 2022	**529**
Thereafter	**728**
Total commitments under non-cancellable operating leases	**$18,697**

The operating lease and sponsorship payments recognized in the consolidated statement of income for the year ended December 31, 2017 were $11,569 (2016 - $9,952).

22. Contingent Liabilities

Enercare Solutions is a party to a number of product liability claims, other claims, ongoing proceedings and lawsuits in the ordinary course of business.

Management is of the opinion that any liabilities that may arise from these lawsuits have been adequately provided for in these consolidated financial statements.

23. Financial Instruments

The main risks Enercare Solutions' financial instruments are exposed to include credit risk, liquidity risk and market risk.

Credit Risk

Enercare Solutions is exposed to credit risk on accounts receivable from customers. Enercare Solutions' credit risk is considered to be low for Enercare Home Services and moderate for Service Experts.

Enercare Solutions' financial assets that are exposed to credit risk consist primarily of cash and cash equivalents, accounts receivable and financing receivables. The majority of Enercare Home Services' contracted revenues are subject to a guaranteed payment by EGD for 99.51% of the amount billed (subject to certain exceptions) 21 calendar days after the invoices are issued. Enercare Solutions is exposed to credit risk in the normal course of business for customers who are billed directly by Enercare Solutions or are billed by EGD outside its service territory. For accounts receivable from customers billed on EGD invoices within its service territory a related trust agreement also serves to mitigate Enercare Solutions' credit exposure on receivables owing from EGD. Enercare Solutions is also exposed to credit risk on its financing receivables to the extent that customers do not make payments according to contracted repayment terms. Enercare Solutions lowers this risk by requiring preauthorized payments, securing loans with low credit scores or poor payment history and engaging collection activities 30 days after a missed payment.

Enercare Solutions' Service Experts business provides services in both Canada and the United States. Credit risk primarily consists of receivables from a variety of customers, including general contractors, property owners, developers and commercial and industrial companies. Service Experts is exposed to credit risk related to changes in the business and economic factors throughout the United States within the mechanical services industry. However, Service Experts is entitled to payment for work performed and have certain lien rights in that work. Service Experts believes that their contract acceptance, billing and collection policies are adequate to manage potential credit risk. Service Experts has a diverse customer base, with no single customer accounting for more than 10% of revenues or receivables.

For accounts receivable as at December 31, 2017, a provision for all amounts at risk of collection and impairment has been made in these consolidated financial statements based upon a number of factors which include, but are not limited to, the type of account and credit characteristics, aging, and net future cash flows.

Liquidity Risk

Enercare Solutions monitors liquidity risk through comparisons of current financial ratios with the financial covenants contained in its 2014 Revolver and 2016 Term Loan agreements and its senior unsecured trust indenture, as supplemented, as applicable. Enercare Solutions has maintained financial ratios which comply with the financial covenants applicable to the borrowings and has staggered its senior debt and term loan maturity dates through to February 21, 2024.

The covenants under the 2013 Notes and 2017 Notes are contained in the senior unsecured trust indenture, as supplemented. Under the terms of this indenture, Enercare Solutions may not incur additional senior debt other than certain refinancing debt and certain working capital debt if the incurrence test is less than 3.8 to 1. The incurrence test is the ratio of defined EBITDA over defined interest expense calculated twelve months in arrears. Enercare Solutions exceeded this threshold requirement at December 31, 2017.

The principal covenant tests under the 2014 Revolver and 2016 Term Loan measure the ratio of total debt to adjusted EBITDA and the ratio of adjusted EBITDA to cash interest expense. Total debt, Adjusted EBITDA and cash interest expense are defined in the agreements. Enercare Solutions was in compliance with these covenants at December 31, 2017.

The summary of financial obligations and contractual maturities related to undiscounted non-derivative financial liabilities excluding accounts payable was as follows:

	Debt		Finance Lease Obligations		Total	
Period	Principal	Interest	Principal	Interest	Principal	Interest
Due in 2018	$ -	$37,147	$ 9,397	$ 683	$ 9,397	$37,830
Due in 2019	-	37,147	8,626	449	8,626	37,596
Due in 2020	475,900	27,568	7,151	241	483,051	27,809
Due in 2021	55,000	19,746	4,428	92	59,428	19,838
Due in 2022	-	10,293	1,173	11	1,173	10,304
Thereafter	225,000	10,248	11	-	225,011	10,248
Total	$ 755,900	$142,149	$30,786	$1,476	$ 786,686	$143,625

Market Risk

Fair Value

The carrying values of cash and cash equivalents, accounts and other receivables, financing receivables, collateral deposits, investment in preferred shares, accounts payable and accrued liabilities, obligations under vehicle finance leases, subordinated debt and other payables approximate their fair values due to their relatively short periods to maturity.

Fair value measurements are determined in accordance with the following levels:

Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Prices or valuations that require management inputs that are both significant to the fair value measurement and unobservable.

The following table presents the carrying amounts and the fair values of Enercare Solutions' financial assets and liabilities at December 31, 2017 and 2016. The estimated fair values of the financial instruments are at 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.

As at December 31,	**2017**		2016	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Cash and cash equivalents	**$ 30,939**	**$ 30,939**	$ 36,446	$ 36,446
Accounts and other receivables	**130,885**	**130,885**	116,984	116,984
Financing receivables	**10,217**	**10,217**	2,876	2,876
Collateral deposits	**7,772**	**7,772**	9,842	9,842
Investment in preferred shares	**50,000**	**50,000**	50,000	50,000
Assets held for sale	**17,168**	**19,056**	-	-
Total financial assets	**$ 246,981**	**$ 248,869**	$ 216,148	$ 216,148
Financial liabilities measured at amortized cost:				
Senior borrowings	**$ 725,000**	**$ 739,948**	$ 475,000	$ 491,850
Revolving credit facility	**55,000**	**55,000**	15,000	15,000
Term Loans	**250,900**	**250,900**	478,540	478,540
Long term subordinated promissory notes	**697,686**	**697,686**	708,379	708,379
Subordinated debt	**50,000**	**50,000**	50,000	50,000
Obligations under finance lease	**29,424**	**29,424**	25,624	25,624
Liabilities held for sale	**5,634**	**5,634**	-	-
Total borrowings	**$1,813,644**	**$1,828,592**	$1,752,543	$1,769,393
Other obligations and payables	**305,129**	**305,129**	196,815	196,815
Total financial liabilities	**$2,118,773**	**$2,133,721**	$1,949,358	$1,966,208

Fair values of the following financial assets and liabilities are classified as Level 3 financial instruments:

- Accounts receivable;
- Financing receivables; and
- Other obligations and payables.

Cash and cash equivalents, collateral deposits, revolving credit facility, Term Loans, and obligations under finance lease are classified as Level 2 financial instruments and senior borrowings are classified as Level 1.

Enercare Solutions is subject to variable interest rate risk on its revolving credit facility and a portion of its gross senior borrowings. A 0.5% change in interest rates will have approximately a $4,122 impact on earnings. Enercare Solutions is also subject to interest rate risk on its cash on hand where a 0.5% change in interest rates will have an approximately $155 impact on earnings.

Enercare Solutions is exposed to foreign currency risk through transactions conducted in currencies other than the Canadian dollar, and also through its financial liabilities that are denominated in US dollar currency. Enercare Solutions has subsidiaries that have a functional currency of US dollars. Enercare Solutions' foreign currency risk management objective is to mitigate the impact of foreign currency rate fluctuations on total equity. Enercare Solutions manages foreign currency risk on its liabilities that are not hedged by operating subsidiaries in the same currency as the liabilities to which they relate.

Enercare Solutions designates USD $100,000 drawn under the 2016 Term Loan as a hedge of the foreign currency exposure of its net investment in Enercare Solutions' US operations. The related foreign currency translation gain or loss on the USD $100,000 notional amount of the 2016 Term Loan that is designated as, and is effective as, a hedge of the net investment in the US operation is reported in the same manner as the translation adjustment (in OCI) related to the net investment.

Enercare Solutions may nevertheless, from time to time, experience gains or losses resulting from fluctuations in the values of these foreign currencies, which may favourably or adversely affect operating results.

The following table shows gains and (losses) associated with a 10% change in exchange rate of the US dollar for the years ended December 31, 2017 and 2016:

	Effect on Net Earnings		Effect on Equity	
	2017	2016	**2017**	2016
10% strengthening	**$888**	$799	**$2,201**	$1,045
10% weakening	**($888)**	($799)	**($2,201)**	($1,045)

Capital Risk Management

Enercare Solutions' considers capital to be primarily cash and cash equivalents, senior borrowings and subordinated promissory notes as originally funded by Enercare, and makes adjustments as appropriate to such variables as cash on hand, additional capital expenditures, debt capacity, available credit facilities and covenant restrictions. Enercare Solutions' capital management strategy, objectives, and definitions have not materially changed during 2017.

Enercare Solutions was in compliance with all covenants under the 2013 Notes, 2014 Revolver, 2016 Term Loan and the 2017 Notes as at December 31, 2017.

24. Cost of Goods Sold and Services Provided

For the year ended December 31,	**2017**	2016
Labour and benefits	**$ 304,688**	$ 208,038
Parts	**192,891**	126,984
Other	**35,819**	18,305
Total	**$ 533,398**	$ 353,327

25. Selling, General and Administrative

For the year ended December 31,	**2017**	2016
Employee wages and benefits	**$140,870**	$98,982
Employee long-term compensation	**6,606**	2,523
Professional fees	**7,521**	15,256
Selling, office and other	**84,160**	54,350
Billing and servicing	**30,433**	28,210
Claims and bad debt	**9,708**	8,682
Charges from Enercare	**17,400**	16,622
Total	**$296,698**	$224,625

26. Other Provisions

On a regular basis, Enercare Solutions evaluates key accounting estimates based upon historical information, internal and external factors and probability factors to measure provisions. The key provision is on account of claims as a result of water damage caused by faulty water heaters. The claims provision is a current liability estimated as the product of the average anticipated dollar loss and the current incidents as at December 31, 2017.

For the year ended December 31,	**2017**	2016
Opening balance:	**$ 1,107**	$ 1,191
Charged/(credited) to the consolidated statement of income:		
Additional provision	**3,078**	2,814
Claims spending during the year	**(3,081)**	(2,898)
Ending balance	**$ 1,104**	$ 1,107

All claims generated during the periods ended are typically paid out within twelve months, therefore the provisions have not been discounted.

27. Changes in Working Capital

The following table reconciles the changes in working capital during the comparative periods as presented in these consolidated statement of cash flows.

For the year ended December 31,	**2017**	2016
Accounts receivable	**$(20,967)**	$ (3,536)
Inventory	**(535)**	994
Prepaid expenses	**(4,628)**	(1,018)
Collateral deposits	**1,474**	(351)
Deferred revenue and service obligation	**3,295**	6,964
Accounts payable and accrued liabilities	**(17,886)**	(17,505)
Other provisions	**(3)**	(84)
Insurance claim provisions	**1,392**	(558)
Related party payable	**2,505**	(790)
Interest payable	**5,721**	48
Total	**$(29,632)**	$(15,836)

28. Related Parties

Key Management

Key management of Enercare Solutions includes officers of Enercare. External directors' fees are included in professional fees as part of total selling, general and administrative expenses of Enercare, of which a portion is allocated to Enercare Solutions and included in total selling, general and administrative expenses. Total compensation and benefits earned by key management for services rendered for both Enercare and Enercare Solutions are shown below:

For the year ended December 31,	**2017**	2016
Salaries and short-term benefits	**$ 7,646**	$6,076
Other employment benefits	**199**	172
Long term benefits	**3,637**	1,010
Total	**$11,482**	$7,258

Related Party Payables

Enercare often incurs expenses on behalf of Enercare Solutions in the normal course of business. Related party amounts owing to Enercare are typically on account of selling, general and administrative expenses.

For the year ended December 31,	**2017**	2016
Related party payables	**$3,476**	$5,572

29. Compensation Plans

Enercare Solutions has an Employee Share Purchase Plan for all eligible employees of Enercare Solutions. Under the plan, employees can purchase shares of Enercare, up to a maximum of $10 per year or 5% of base salary. Enercare will award one matching share for every two shares purchased and held by an employee for at least two years. Shares related to both the employee and employer portions are purchased in the month following the employee contributions. Expenses related to the company match portion are recorded equally over the 2 year vesting period and are reflected in the consolidated statement of income. Employee contributions held by Enercare Solutions at the end of a period are classified as restricted cash which will be used to purchase Enercare shares in the following period. As of December 31, 2017, there was no restricted cash on hand (2016 - $nil).

30. Segment Information

Management has determined the operating segments based on the reports reviewed by the CODM, which has been identified as the Executive Leadership Team (consisting of the Chief Executive Officer, the Chief Financial Officer, the Chief Legal Officer, the Chief Operating Officer for Enercare Home Services, the Senior Vice President and General Manager for Sub-Metering, the President and Chief Executive Officer for Service Experts, the Chief Information Officer, and the Chief Human Resource Officer).

The Executive Leadership Team evaluates and makes decisions on operating performance by business segment. The reportable operating segments derive their revenue primarily from (a) the rental of water heaters, HVAC and other equipment, protection plans, HVAC sales and other chargeable service offerings and (b) sales and services relating to HVAC units in Service Experts' subsidiaries.

The Enercare Home Services segment consists mainly of a portfolio of rental water heaters, HVAC and other assets, and contracted protection plans offered primarily to residential customers in Ontario. The Service Experts segment consists primarily of the sales and servicing of HVAC equipment to residential and light commercial customers in the United States and Canada. Corporate reports the costs for management oversight of the combined business, public reporting and filings, financing activities, intercompany dividends, corporate governance and related expenses.

The CODM assesses its performance of the operating segments using the measure of EBITDA as follows:

Segment Information	For the year ended December 31, 2017 Enercare Home Services	Service Experts	Corporate	Total	For the year ended December 31, 2016 Enercare Home Services	Service Experts	Corporate	Total
Revenues:								
Contracted sales	**$ 426,430**	**$ 56,299**	**$ -**	**$ 482,729**	$ 410,018	$ 22,574	$ -	$ 432,592
Sales and other services	**30,774**	**606,047**	**-**	**636,821**	28,600	388,161	-	416,761
Dividend income	**-**	**-**	**3,451**	**3,451**	-	-	3,452	3,452
Investment Income	**1,289**	**60**	**-**	**1,349**	349	28	-	377
Total revenue	**$ 458,493**	**$ 662,406**	**$ 3,451**	**$ 1,124,350**	$ 438,967	$ 410,763	$ 3,452	$ 853,182
Expenses:								
Cost of goods & services:								
Maintenance and servicing costs	**$ (68,780)**	**$ (44,653)**	**$ -**	**$ (113,433)**	$ (66,994)	$ (17,711)	$ -	$ (84,705)
Sales and other services	**(24,346)**	**(395,619)**	**-**	**(419,965)**	(22,274)	(246,348)	-	(268,622)
SG&A	**(106,611)**	**(172,687)**	**(17,400)**	**(296,698)**	(100,343)	(107,660)	(16,622)	(224,625)
Foreign exchange	**164**	**419**	**-**	**583**	215	(35)	-	180
Other income	**-**	**-**	**-**	**-**	-	-	-	-
Net (loss)/gain on disposal	**(3,471)**	**(4,601)**	**-**	**(8,072)**	(4,464)	(19)	-	(4,483)
EBITDA[1]	**255,449**	**45,265**	**(17,400)**	**283,314**	245,107	38,990	(16,622)	267,475
Amortization	**(126,188)**	**(20,577)**	**-**	**(146,765)**	(122,194)	(13,825)	-	(136,019)
Interest expense				**(77,281)**				(60,877)
Current taxes				**(19,564)**				(51,358)
Deferred tax recovery				**3,567**				31,318
Net earnings				**46,722**				53,991
Segment assets	**1,247,686**	**610,133**	**50,000**	**1,907,819**	1,249,818	602,217	50,000	1,902,035
Capital additions	**$ 124,303**	**$ 23,067**	**$ -**	**$ 147,370**	$ 126,586	$ 9,590	$ -	$ 136,176

(1) EBITDA (excluding intercompany dividend income) is a Non-IFRS financial measure and is a metric that can be used to determine Enercare Solutions' ability to service its debt, finance capital expenditures, and provide for the payment of dividends to shareholders.

Geographic Information	Year ended December 31, 2017	2016
Revenues[2]		
Canada	**$ 572,180**	$ 513,721
United States	**552,170**	339,461
	$1,124,350	$ 853,182

As at December 31,	2017	2016
Segment Assets		
Canada	**$1,382,918**	$1,374,362
United States	**524,901**	527,673
	$1,907,819	$1,902,035

(2) Revenues are based on the country of delivery of the product or service sold.

31. Acquisitions

Acquisition of Aramendia

On August 15, 2017, Service Experts completed the acquisition of certain net assets in San Antonio and McKinney, Texas, from Aramendia Plumbing, Heating & Air Ltd. ("Aramendia"), a full-service residential and commercial plumbing and heating company, for consideration of USD $24,000 or $30,556. The Aramendia acquisition has been accounted for as a business combination and has been consolidated as at the date of acquisition.

The following table summarizes the preliminary allocation of total consideration allocated to the net assets acquired. The allocation of the purchase price is preliminary for certain amounts including certain capital and intangible assets and is therefore subject to change.

	August 15, 2017	Adjustments	Revised
Inventory	$ 885	$ -	$ 885
Capital assets (note 8)	1,085	-	1,085
Intangible assets (note 9)	8,145	3,073	11,218
Goodwill (note 10)	21,425	(3,057)	18,368
Total assets acquired	$31,540	$ 16	$31,556
Less:			
Accounts payable and accrued liabilities	$ 670	$ 16	$ 686
Deferred revenue and service obligations	314	-	314
Total net assets acquired	$30,556	-	$30,556
Cash consideration	$30,556	-	$30,556

Goodwill is calculated as the difference between the fair value of consideration transferred and the preliminary fair value of the assets acquired and liabilities assumed. The goodwill is primarily attributable to the addition of new customers and the corresponding projected cash flows to be earned. Goodwill is not amortized for accounting, however is deductible for US tax purposes.

Aramendia revenues of $7,800 and earnings of $153 are included in the statement of comprehensive income since August 15, 2017.

Enercare Solutions' consolidated revenues and net earnings for the year ended December 31, 2017 would have been higher by approximately $16,839 and $1,687, respectively had the Aramendia acquisition occurred on January 1, 2017.

Acquisition of Service Experts

On May 11, 2016 Enercare Solutions, through an indirect wholly-owned subsidiary, acquired SEHAC Holdings Corporation (now SEHAC Holdings LLC), for consideration of USD $340,750 or $440,113, excluding agreed upon closing adjustments regarding Enercare Solutions' assumption of certain liabilities and transaction costs (the "Consideration"), subject to final working capital and other adjustments. The acquired assets and liabilities assumed included components of working capital, capital assets, intangible assets, collateral deposits, goodwill, insurance claim provisions, deferred revenue and service obligations, deferred tax liability and obligations under finance leases. The SE Transaction is accounted for as a business combination.

The SE Transaction was financed through a combination of debt and equity, including approximately $241,478 of SE Subscription Receipts ($230,710 net of fees), inclusive of the concurrent private placement and USD $200,000 from the 2016 Term Loan (see Note 14).

In accordance with the terms of the agreement pursuant to which the SE Subscription Receipts were issued, each outstanding SE Subscription Receipt was exchanged for one share, resulting in the issuance of 15,834,600 shares and a cash payment equal to $0.14 per SE Subscription Receipt. The cash payment was equal to the aggregate amount of dividends per share for which record dates occurred since the issuance of the SE Subscription Receipts, less any withholding taxes, if any, to the date of closing of the SE Transaction. The shares issued in exchange for the SE Subscription Receipts issued in the concurrent private placement are subject to a contractual hold period of six months from closing of the offering.

As part of the SE Transaction, Enercare Solutions has recorded total expenses of $13,900. Total expenses include $2,217 of interest expense from interest paid in respect of the SE Subscription Receipts issued, along with equity bridge financing fees of $198, all included within interest expense. SG&A expenses include $11,485 of costs associated with the SE Transaction, which consists predominantly of professional fees.

The following table summarizes the final allocation of total consideration allocated to the net assets acquired. The allocation of the purchase price included certain working capital adjustments and tax balances and is finalized.

	May 11, 2016	Adjustments	Revised
Cash and cash equivalents	$ 8,976	$ -	$ 8,976
Accounts receivable	31,805	(1,244)	30,561
Inventory	8,316	646	8,962
Prepaid expenses	6,205	82	6,287
Capital assets (note 8)	31,277	1,459	32,736
Intangible assets (note 9)	239,149	(4,078)	235,071
Collateral deposits (note 11)	9,122	-	9,122
Goodwill (note 10)	223,920	3,539	227,459
Total assets acquired	$558,770	$ 404	$559,174
Less:			
Accounts payable and accrued liabilities	$115,917	$ 1,679	$117,596
Deferred revenue and service obligations (note 15)	25,393	-	25,393
Short-term obligations under finance lease (note 13)	4,477	960	5,437
Insurance claim provisions (note 11)	8,234	-	8,234
Long-term obligations under finance lease (note 13)	10,870	561	11,431
Deferred tax liability	5,882	(400)	5,482
Total net assets acquired	$387,997	$(2,396)	$385,601
Consideration before closing adjustments	$440,113	$ -	$440,113
Working capital adjustments	5,211	(3,858)	1,353
	$445,324	$(3,858)	$441,466
Less: Closing adjustments*	(57,327)	1,462	(55,865)
Cash consideration (net of closing adjustments)	$387,997	$(2,396)	$385,601

* Includes adjustments relating to share appreciation rights, taxes payable and other provisions.

Goodwill is calculated as the difference between the fair value of consideration transferred and the fair value of the assets acquired and liabilities assumed. The goodwill is primarily attributable to the addition of new customers and the corresponding projected cash flows to be earned. Goodwill is not amortized for accounting, however is deductible for US tax purposes.

Other Acquisitions

On February 13, 2017, Service Experts completed the acquisition of certain assets in Austin, Texas from CS Operating LLC (“Church Services”), an HVAC and plumbing company. Service Experts acquired the assets for USD $875 or $1,144 and paid the purchase price using cash on hand.

On May 24, 2017, Service Experts completed the acquisition of certain assets in Kitchener, Ontario from Hammond Plumbing & Heating Inc. (“Hammond”), a full-service residential and commercial plumbing and heating company, for consideration of $5,300. Service Experts acquired the assets plus assumed warranty liabilities and paid the purchase price using cash on hand.

Both of the above transactions have been accounted for as a business combination and have been consolidated as at the date of acquisition.

32. Assets Held for Sale

On January 16, 2018, Service Experts completed the disposal of certain assets and liabilities related to four centers located in Whitby, Scarborough, Brampton and Ottawa, Ontario. The sale of these assets and liabilities was completed to address Enercare Solutions’ Ontario market overlap, resulting from the SE Transaction, between the service territory of a Service Experts business location with that of a Home Services franchisee. As at December 31, 2017, the assets and liabilities relating to the four centers were classified as “assets held for sale” and “liabilities held for sale”, respectively, in the statement of financial position and were derecognized upon disposal on January 16, 2018. The following table summarizes the assets and liabilities that have been reclassified as "assets held for sale" and "liabilities held for sale":

	As at December 31, 2017
Inventory (note 7)	$ 476
Capital assets (note 8)	1,407
Intangible assets (note 9)	6,154
Goodwill (note 10)	9,131
Total assets held for sale	$17,168
Accounts payable and accrued liabilities (note 12)	$ 309
Obligations under financing leases (note 13)	1,362
Deferred revenue and service obligations (note 15)	2,376
Deferred tax liabilities (note 17)	1,587
Total liabilities held for sale	$ 5,634

The proceeds received for the assets of these centers were $13,422, resulting in a gain on disposal of $1,888, including the impact on deferred tax liabilities.

33. Subsequent Events

On January 4, 2018, Service Experts completed the acquisition of certain assets and assumed certain liabilities of CS Newco, LLC and Finch Newco, LLC, which offer residential and commercial HVAC, plumbing and other related services in certain Texas markets. The cash consideration for the acquisition was USD $15,000 or $18,818. Service Experts funded a portion of the purchase price through Enercare Solutions drawing $15,000 on the 2014 Revolver.

On March 5, 2018, Service Experts completed the acquisition of certain assets of Midway Services, LLC and MSICORP, LLC, which provide HVAC, plumbing and electrical, sales and service as well as residential interior kitchen, bath and general remodeling in Tampa, Florida. The cash consideration for the acquisition was USD $8,000 or $10,382, subject to post-closing adjustments. Service Experts funded the purchase price through Enercare Solutions drawing $10,000 on the 2014 Revolver.