

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF CONNECTICUT**

IN RE: ) No. 17-50247  
Apollo Solar, Inc. ) Chapter 11  
Debtor ) January 2, 2018

**DISCLOSURE STATEMENT**

On March 7, 2017, Debtor Apollo Solar, Inc., (the “Debtor”), a Delaware Corporation, filed a voluntary petition for reorganization pursuant to Chapter 11 of the United States Code (the “Code”) with the United States Bankruptcy Court for the District of Connecticut (the “Court”). The Debtor has filed, together with this Disclosure Statement, its proposed Plan of Reorganization (the “Plan”). Pursuant to §1125 of the Code, the Debtor has prepared and filed this Disclosure Statement (the “Disclosure Statement”) along with the Plan for the Court's approval for submission to the holders of claims and interests with respect to the Debtor and its assets. The purpose of this statement is to provide the holders of claims against or interests in the Debtor with adequate information about the Debtor and the Plan to make an informal judgment about the merits of approving the Plan.

**NO REPRESENTATIONS CONCERNING THE DEBTOR (PARTICULARLY AS TO THE VALUE OF ITS PROPERTY) ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN WHICH ARE OTHER THAN AS CONTAINED IN THIS STATEMENT SHOULD NOT BE RELIED UPON BY ANY CREDITOR. THE INFORMATION CONTAINED IN THIS STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT. THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT ANY INACCURACY ALTHOUGH EVERY EFFORT HAS BEEN MADE TO BE ACCURATE. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE COURT DOES NOT CONSTITUTE A RECOMMENDATION AS TO THE MERITS OF THE PLAN.**

**IRS Circular 230 Notice: To ensure compliance with IRS Circular 230, holders of Claims**

**and Equity Interests are hereby notified that: (A) any discussion of federal tax issues contained or referred to in this Disclosure Statement is not intended or written to be used, and cannot be used, by holders of Claims or Equity Interests for the purpose of avoiding penalties that may be imposed on them under the Tax Code; (b) such discussion is written in connection with the promotion or marketing by the Debtors of the transactions or matters addressed herein; and (c) holders of Claims and Equity Interests should seek advice based on their particular circumstances from an independent tax advisor.**

## **I**

### **GENERAL HISTORY**

Apollo Solar, Inc. designs and manufactures electronic products called charge controllers, which maximize the electricity collected from photo-voltaic (PV) modules or solar panels which is then stored in large batteries. The Debtor builds industrial cabinets with multiple charge controllers and other components to monitor, control and distribute the electricity as it is needed to power equipment on cell phone towers, or in buildings, homes and many other remote sites. Its cabinets are used where standard utility grid electricity is not available or is unreliable. Although these off-grid or battery-based sources of electricity are used in many markets, the Debtor's largest group of customers are telecom operators. Each of the Debtor's cabinets sells for between \$6,000 and \$15,000 depending on the number of charge controllers and options inside.

Today, there are over 650,000 cell phone towers in the world running on diesel generators 24 hours every day. The diesel generators are expensive to operate and maintain. The Debtor's powered cabinets eliminate the diesel generators or greatly reduce the running time. There are currently about 1,000 cell towers equipped with the Debtor's cabinets. The first were installed in 2009 and are still working with great reliability.

While the telecom towers represented a stable, long-term market for the Debtor's products, many of the buyers were slow to take a risk on a new technology like solar power. During the period from 2008 to 2011, the Debtor struggled to sell just small numbers to various buyers. Apollo finally secured a substantial order with Orange Telecom, the cellular brand of France Telecom, in early 2012. The customer had the power to negotiate a rather low price, and they required rapid delivery on their purchase orders. Apollo purchased parts and staffed up to

meet their demand. To speed up the manufacturing cycle, the Debtor began using US based vendors, which were more expensive than Chinese vendors but had shorter lead times. These factors reduced Debtors' gross margin.

In August 2014 the price of crude oil dropped from the high at over \$140/bbl to less than \$30/bbl and the refined product, diesel fuel, fell by the same percentage. Since the Debtor was selling the Solar Equipment as a solution to the high cost of diesel fuel, the customers lost interest for a period of time and the Debtor's sales suffered. Apollo reduced staff and stopped delivery of parts with as many vendors as possible. John Pfeifer, CEO, also made personal loans to the Debtor to cover its shortfalls and buy time to close new orders. The Debtor was unfortunately financially vulnerable as it relied on a single large customer, and could not cut costs deeply or quickly enough to avoid insolvency. Once Electronic Specialties of Connecticut, one of the Debtor's vendors sued it for lack of payment on a large parts order its fate was sealed. The Debtor had no choice but to file the instant Chapter 11 case.

Today Apollo Solar is a different Debtor. The staff has been cut from 14 down to just 4 people, and payroll was reduced from over \$80,000 per month to about \$14,000 per month. It was able to move its premises to a cheaper location, with a resulting 65% drop in utilities cost. The Debtor redesigned its flagship product and reduced the cost to produce same by 35%, while it increased its prices. It was also able to negotiate better payment terms with its customers. As a result of all of the above moves, the Debtor has increased its profitability and stabilized its cashflow. Several new customers have purchased products for new market territories and they have come back with repeat orders. The Debtor is also nearing completion of development of several new products to complement its flagship cabinets.

## **II**

### **POST-PETITION PROCEEDINGS AND BUSINESS OPERATION**

Post-petition, the Debtor has continued to seek to streamline operations in order to reduce costs and increase revenue. It has prosecuted various claims objections, a motion to determine claims status against the Connecticut Department of Revenue Services, and a claim objection against Electronic Specialties of Connecticut, Inc., all of which have been resolved. It has also filed all of its operating reports and paid all of its United States Trustee's fees.

### III

#### PRE-PETITION DEBT

The following claims were taken from the Debtor's schedules, from filed proofs of claim, and from the final or pending results of any objections to such claims. Where they conflict, the amounts from the proofs of claim have been used:

**A. Priority Claims** include:

1. The claim of the Department of Revenue Services in the amount of \$2,257.28 for various unpaid taxes.
2. The claim of the Internal Revenue Services in the amount of \$375 for unpaid income taxes.
3. The claim of John Pfeifer for unpaid wages in the amount of \$12,850.
4. The claim of the Town of Bethel for unpaid property taxes in the amount of \$2,500.95.

**B.** The Debtor's **Secured Claim** is the claim of the Connecticut Department of Economic and Community Development in the amount of \$376,985.30 for amounts due under an loan/assistance agreement.

**C. Unsecured Claims.** There are a total of approximately 61 creditors holding unsecured claims, in a total estimated amount of \$1,999,918.60.

**D. Equity Security Holders.** There are approximately 28 shareholders. There are also approximately 12 holders of options and/or warrants.

### IV

#### THE PLAN OF REORGANIZATION

**A. Definitions**

**1. Administrative Expense** means any right to payment constituting a cost or expense of administration of the Reorganization Cases that is Allowed under §§503(b), 507(a)(1), and 507(b) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' Estates, (b) any actual and necessary costs and expenses of operating the Debtors' business, (c) any indebtedness or obligations incurred or assumed by the Debtors in Possession during the Reorganization Cases, and (d) any compensation

for professional services rendered and reimbursement of expenses incurred, to the extent Allowed by Final Order under section 330 or 503 of the Bankruptcy Code.

**2. Affiliate** includes (i) with respect to the Debtor, all persons within the meaning set forth in §101(2) of the Bankruptcy Code, (ii) any Person in which the Debtor holds an ownership interest or serves as an officer, director, or manager of the Debtor, and (iii) with respect to any Person (including, without limitation, a Debtor) another Person who controls, is controlled by, or is under common control with, such Person.

**3. Allowed** means (i) with reference to any Claim, (a) any Claim against any Debtor, which has been listed by such Debtor in its Schedules (as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1007) as liquidated in amount and not disputed or contingent and for which no proof of Claim has been filed, (b) any Claim as to which the liability of a Debtor and the amount thereof are determined by a Final Order, or (c) any Claim against any Debtor allowed pursuant to this Plan, and (ii) with reference to any Claim or Administrative Expense, (a) any Claim or Administrative Expense that is the subject of a timely filed proof of Claim or request for an Administrative Expense as to which no objection to allowance or request for estimation has been interposed on or before the applicable period of limitation fixed by this Plan or otherwise ordered by the Bankruptcy Court, or as to which any objection or request for estimation has been determined by a Final Order to the extent such objection is determined in favor of the respective holder, (b) any Claim or Administrative Expense expressly allowed under this Plan, or (c) any Claim or Administrative Expense allowed under §§502, 503, or 1111 of the Bankruptcy Code. Unless otherwise specified in this Plan or ordered by the Bankruptcy Court, "Allowed Claim" or "Allowed Administrative Expense" shall not include interest.

**4. Claim** has the meaning set forth in section 101(5) of the Bankruptcy Code.

**5. Code** shall mean the Bankruptcy Reform Act of 1978, codified as Title 11 of the United States Code, in effect as of Debtors' Petition Date.

**6. Confirmation Date** shall mean the date upon which the Court approves the Debtor's plan.

**7. Court** shall mean the United States Bankruptcy Court for the District of Connecticut including the United States Bankruptcy Judge presiding therein.

**8. Effective Date** shall mean the first business day following the last day on which

an appeal from an Order of the Court confirming this Plan may be taken under applicable law and no such appeal has been taken or if such an appeal has been taken, the first business day following the date upon which such appeal has been exhausted and the Plan may Proceed.

**9. Equity Interest** shall mean the interest in any equity security, limited liability company interest, partnership interest or limited partnership interest, shares of common stock, shares of preferred stock, or other equity or ownership interests whatsoever in or of any of the Debtor represented by any issued and outstanding shares of common or preferred stock or other instrument evidencing a present ownership interest in any of the Debtors, whether or not transferable, including (a) any option, warrant, call, subscription, or other right, contractual or otherwise, to acquire any such interest and any redemption, conversion, exchange, put, voting participation, dividend rights, liquidation preferences, or any other designations, rights, or preferences whatsoever, relating to any such equity security, and (b) all rights, interests, and Claims against any of the Debtors or their respective Affiliates or Representatives (including Claims for fraud, misrepresentation, rescission, reimbursement, contribution, or damages) arising under, or in connection with, or in any way related to (i) all agreements, including stockholder agreements and management agreements, entered into by the Debtor or its respective Affiliates or Representatives in connection with the issuance of such security or any related transactions or (ii) the purchase or sale of such security or any related transactions.

**10. Petition Date** shall mean March 7, 2017, the date Debtor filed the instant Chapter 11 Case.

**11. Person** means an individual or a partnership, corporation, limited liability Debtor, cooperative, trust, unincorporated organization, association, joint venture, government or agency or political subdivision thereof, or any other form of legal entity.

**12. Representatives** includes, with respect to any particular Person, such Person's present, former or future officers, directors, employees, consultants, members, managers, partners, principals, agents, advisors (including any attorneys, financial advisors, investment bankers, and other professionals retained by such Persons), Affiliates, and representatives.

**13. Small Claims** shall be the those creditors whose Allowed Claims are less than \$200, or those creditors who elect to be treated as a member of the Small Claims class.

**14. Voting, Cram Down and Confirmation**

**a. Voting**

In order to obtain confirmation of the Plan by the Bankruptcy Court, the Plan must be accepted by the Creditors of Classes 1, 2 4 and 5, assuming that their claims are Allowed Claims. Of those creditors in Class 5 who have Allowed claims and actually vote on the Plan, creditors holding at least two-thirds in dollar amount of the allowed claims and who constitute more than one-half in number of such voting creditors must vote for the Plan in order for the Plan to be confirmed.

Administrative claims are to be paid in full upon the Effective Date (unless they consent to other treatment); they are not impaired under the Plan and are deemed to have accepted the Plan. Creditors within a class vote as part of a class.

**b. Cram Down**

1. If any class should fail to accept the Plan by the required majority, the court may, under §1129(b) of the Bankruptcy Code, nonetheless confirm the Plan if at least one impaired class has accepted the Plan and the court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to any impaired class which has not accepted the Plan. A plan is "fair and equitable" within the meaning of this section if it provides as to a dissenting class of secured creditors, retention of the lien securing the claim in the allowed amount of the claim, and payment of deferred cash payments totaling the allowed amount of such claim and having a value, as of the effective date of the Plan, of its collateral. As to a dissenting class of unsecured creditors, a Plan is "fair and equitable" if it receives property of a value, as of the effective date of the Plan, equal to the allowed amount of its claims, or the holders of claims in junior classes will receive or retain nothing under the plan. The rule that junior classes receive or retain no property is sometimes called the absolute priority rule". However, an exception to this rule exists where either the plan provides for a liquidation or a junior class makes a "substantial" contribution of new money or property into the debtor as part of a plan of reorganization, and this exception may provide an opportunity to existing shareholders of the debtor who wish to retain an equity interest in the Debtor. The Debtor intends to invoke these "cram down" provisions against any class, secured or unsecured, that fails to accept the Plan.

2. To the extent that the word "impaired" is used, impaired shall have the definition set forth in 11 USC §1124, except as to unfavorable treatment agreed upon by any class or claimant.

**B. The major objectives of the Debtor's Plan of Reorganization are:**

1. Payment to and protection of the interests of the secured creditors;
2. Payment of all obligations to the taxing authorities;
3. The payment of all priority and administrative claims;
4. Payment of an amount to unsecured creditors that is not less than such

creditors would receive in the event that the Debtor was liquidated on the effective date of the Plan. The following is a brief summary of the Plan and should not be relied upon for voting purposes. Creditors are urged to read the Plan in full. Creditors are further urged to consult with counsel or with each other in order to fully understand and evaluate the Plan.

All creditors who are listed in the Debtor's schedules filed with the Bankruptcy Court may vote on the Plan whether or not they have filed proofs of claim, except in those instances where the schedules reflect that the claim is disputed, unliquidated, contingent or where objections to claims have been filed. Further, all creditors who are listed in the schedules will receive payment pursuant to the Plan whether or not a Proof of Claim was filed, except in those instances where the schedules reflect that the Creditor's claim is disputed, contingent, or unliquidated or the Debtor has objected to such listed debt. In the case where the Debtor has objected to claims and/or listed debts, payments will be made in accordance with the Plan upon the Court's final decision as to the allowed amount. Where a proof of claim is filed in an amount different from that set forth in the Debtor's schedules, or is filed as a claim which the schedules list as disputed, contingent or unliquidated, the same may be subject to objection, and after a hearing thereon, may be either allowed, reduced or disallowed by the Court and the amount determined in that instance will establish the amount to be paid to the Creditors pursuant to the Plan.

**C. Claims And Interests under the Plan.**

**1. Priority Claims** include:

- a. the claim of the Department of Revenue Services in the amount of \$2,257.28 for various unpaid corporation and sales & use, and withholding taxes.
- b. the claim of the Internal Revenue Services in the amount of \$375 for income taxes.



- c. The claim of John Pfeifer for unpaid wages in the amount of \$12,850.
- d. The claim of the Town of Bethel for unpaid property taxes in the amount of \$2,500.95

**2. Secured Claims** include the claim of the Connecticut Department of Economic and Community Development in the amount of \$376,985.30 for amounts due under an assistance agreement.

**3. Unsecured Claims.** There are a total of 61 creditors holding unsecured claims, in a total estimated amount of \$1,999,918.60.

**4. Equity Interests.** There are approximately 28 shareholders. There are also approximately 11 holders of options and/or warrants in the Debtor.

**D. Treatment of Claims and Interests Under the Plan**

**1. Administrative Claims.** Administrative claims shall be paid in full on or before the Effective Date or as otherwise provided herein or upon allowance by the Court, whichever is later. Any entity herein may elect to receive payment over a period of time or a different treatment. Debtor currently owes approximately \$6,141.00 in administrative claims to its accountants, Mark Burns, CPA, \$6,783.00 to its attorneys, Charmoy & Charmoy, and \$45,000 to its President, John Pfeifer, which loan was approved by the Court on April 26, 2017 (Doc. Id. No. 43) and which Mr. Pfeifer has agreed to allow to be repaid at the rate of \$1,000.00 per month, or less if necessary to pay other Allowed Claims in that month, starting within 30 days of the Effective Date.

**2. United States Trustee's Fees.** All moneys due the U. S. Trustee pursuant to 28 USC §1930 will be paid on or before the Effective Date. In accordance with §1129(a)(12) of the Bankruptcy Code and 28 U.S.C. §1930, all quarterly fees payable to the United States Trustee shall be paid by the debtor in full on or before their respective due dates and shall continue to be assessed and paid until such time as a final decree closing, converting or dismissing this case is entered by the Court. The debtor shall also timely file monthly operating reports every month until such time as a final decree is entered by the Court or the Court enters an order converting or dismissing this case.

**3. Allowed Priority Claims under §507(a)(8).** Allowed Priority Claims shall be paid as follows:

a. the claim of the Department of Revenue Services in the amount of \$2,257.28 shall be paid at 12% interest amortized in equal monthly installments of \$74.97 over 36 months.

b. the claim of the Internal Revenue Services in the amount of \$375 shall be paid at 4% interest amortized in equal monthly installments of \$31.93 per month over 12 months.

c. The claim of the Town of Bethel in the amount of \$2,500.95 shall be paid at 18% interest amortized in equal monthly installments of \$124.86 per month over 24 months.

**4. Class 1**, the secured claim of the DECD, will be treated as follows: Debtor shall pay said claim of \$376,985.30 amortized over 15 years at 2% interest, amortized in monthly installments of \$2,425.93. Should the Debtor timely pay same claim down to a balance of \$100,000, Respondent agrees to waive the remaining \$100,000 balance. Should the Debtor default, it will complete the payments on the original \$376,985.30 amount on the original 15 year schedule. This class is impaired.

**5. Class 2**, the claim of John Pfeifer in the amount of \$12,850, shall be paid at 0% interest in equal monthly installments of \$267.71 per month over 48 months. This class is impaired.

**6. Class 3**, the Small Claims class, and those creditors who elect to reduce their claims by election on their ballot in order to be treated in this class, shall receive either the amount of their claim or \$200, whichever is less, in full satisfaction of their claim on or before the Effective Date. Any creditor who chooses to be included in this class shall be deemed to have accepted the plan. This class is unimpaired.

**7. Class 4 contains** is the remaining unsecured creditors who have Allowed Claims. Class 4 shall be paid 20% pro rata, over 10 years, in monthly payments of \$2,499.90. Debtor shall have the option to pay any unsecured Claim a total of 5% prorata (inclusive of any payments made to said Claim by same date) so long as same amount is paid, in a lump sum and/or installments, within one (1) year of the Effective Date. This class is impaired.

**8. Class 5** contains all persons holding any Equity Interests in the Debtor, including the existing shareholders of the Debtor. On the Effective Date, except as otherwise specifically provided for in the Plan: (a) Debtor's obligations under any certificate, share, note, bond, indenture, purchase right, option, warrant, or other instrument or document directly or indirectly evidencing or creating any indebtedness or obligation of or ownership interest in Debtor giving

rise to any Claim or Equity Interest shall be cancelled; and (b) Debtor's obligations relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, or certificates or articles of incorporation or similar documents governing the shares, certificates, notes, bonds, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of Debtor shall be released and discharged.

Also on the Effective Date, Debtor shall reissue shares in the Debtor to the currently existing shareholders on a one for one basis in a single class of common stock. The Debtor, its board of directors, and/or its officers are authorized, in their sole discretion, to amend and/or create as new any documents related to the issuance of said stock, including without limitation its certificate of organization, bylaws and shareholder agreement(s), to authorize and reflect this issuance. This class is impaired.

Payments under the Plan will commence on or before 30 days after the Effective Date.

## V

### FINANCIAL INFORMATION

There have been no preferences or fraudulent transfers.

#### A. Executory Contracts

All executory contracts not specifically assumed in the Plan or objected to prior to confirmation shall be rejected by the confirmation of the Plan.

#### B. Debtor's Assets and Liquidation Analysis

The face sheets of the appraisals of Debtor's assets by Thomas Industries, Inc., performed as of September 22, 2017 are annexed hereto as Exhibit A (full copies of the appraisal are attached to the Disclosure Statement on file with the court). Debtor's Liquidation Analysis is attached hereto as Exhibit B. Said Analysis shows what creditors would receive in the event that the Debtor was liquidated on the effective date of the Plan as described in Section IV. B.

#### C. Means of Effectuation of the Plan

Payments under the plan will be made from profits from its business operations.

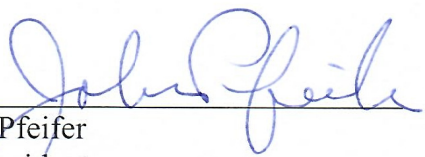
**D. Profit History and Projection**

The Debtor plans to make payments to creditors from its profits from its business operations pursuant to the financial projections attached as Exhibit C. The reader is cautioned that profits are, of course, dependent on a variety of factors, not all of which are under the Debtor's control, including but not limited to the state of the economy. The Debtor reasonably expects that sufficient revenue will be generated in order for the Debtor to make the required payments under the Plan and that the Plan as proposed is in the best interests of its creditors. The goal of providing unsecured creditors with a value at least that would be received in a liquidation is therefore dependent on the Debtor's future profitability.

The reader is cautioned that Debtors' income is dependent on a variety of factors, not all of which are under the Debtors' control, including but not limited to the state of the economy. The Debtors reasonably expects that they will generate sufficient income in order to make the required payments under the Plan and that the proposed Plan is in the best interests of its creditors. The goal of providing unsecured creditors with a value at least that would be received in a liquidation is therefore dependent on the Debtors' future wages.

**DEBTOR**

BY:

  
John Pfeifer  
Its President

By:

/s/ \_\_\_\_\_  
Scott M. Charmoy, Esq. CT15889  
Charmoy & Charmoy  
1700 Post Road, Suite C-9  
Fairfield, CT 06824-0804  
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## Machinery & Equipment Appraisal

Apollo Solar, Inc.  
23 Francis J. Clarke Circle  
Bethel, CT 06801



*Auctioneers & Appraisers Since 1947*

EXHIBIT A



September 22, 2017

Mr. John Pfeifer  
Apollo Solar, Inc.  
23 Francis J. Clarke Circle  
Bethel, CT 06801

**RE: Machinery & Equipment Appraisal - Apollo Solar, Inc.**

Dear Mr. Pfeifer:

In accordance with your recent request, Thomas Industries conducted an onsite inspection and detailed appraisal of machinery and equipment belonging to Apollo Solar, Inc. The purpose of this appraisal was to provide an Orderly Liquidation Value of the subject assets.

This appraisal was conducted for the use of Apollo Solar, Inc. and is not intended for use by other parties or for other purposes.

The appraisal has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice and Code of Ethics of the American Society of Appraisers. Subject to the Statement of Limiting Conditions set forth in this report, it is our opinion that the value as of September 6, 2017 is as follows:

**Orderly Liquidation Value: \$45,100.00**

The appraiser further states that he has no direct or indirect, present or contemplated future interest in the property appraised and that the fee for services is in no way contingent on the values shown herein.

Very truly yours,

Tom Gagliardi III  
Vice President



### **About the Company**

Apollo Solar, Inc. provided innovative electronics for photovoltaic systems; serving the residential, commercial and remote telecom (PV) markets.

### **Collection of Data for this Valuation**

George Baird, the onsite appraiser, visited the company on September 6, 2017 and personally inspected the assets included in this appraisal report. This report was further reviewed by Tom Gagliardi III.

### **Condition of the Assets**

All of the assets appeared well-maintained and in good operating condition, unless otherwise noted. This condition statement is based upon our visual inspection only and does not imply any guarantee of the actual operating condition.

### **Definition of Values**

*Orderly Liquidation Value is the estimated gross amount expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser(s) with the seller being compelled to sell on an as-is, where-is basis as of a specific date.*

### **Statement of Ownership**

Thomas Industries has relied upon ownership interest in the equipment represented by the company and therefore, has made no attempt to verify ownership by conducting title searches or by other means.

### **Evaluation Considerations**

The values provided in this appraisal report are based on the equipment composition in its present location. All sales to potential buyers would be “as is-where is” with no warranties or guarantees whatsoever. The values in this appraisal report also take into consideration various costs that potential purchasers would face including: removal, rigging, site-preparation and re-installations.



## **Methodologies of an Appraisal**

There are three valuation methodologies that are used in the appraisal process. These methodologies include: the Cost Approach, Sales Comparison Approach and Income Approach.

**COST APPROACH:** This approach is based on the proposition that the informed purchaser would pay no more for a property than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost new for the subject must be adjusted for all forms of depreciation and obsolescence as of the date of the appraisal.

**SALES COMPARISON APPROACH:** This approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the “Comparison Sales Approach.” The primary intent of the market approach is to determine the desirability of the assets through recent sales or offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

**INCOME APPROACH:** This approach considers value in relation to the present worth of future benefits derived from ownership, and is usually measured through the capitalization of a specific level of income.

We generally consider that the market most accurately represents true asset values and therefore have relied more heavily on the sales comparison approach, but the cost approach has also been utilized where sales data was not available.

The income approach was not utilized in conducting this appraisal. This approach is based upon the income generating potential of an asset and is rarely utilized in machinery & equipment appraisals. Financial data that would be required to create a valuation model based upon the income approach was not provided or requested by the appraiser.





### **Assumptions and Limiting Conditions**

- Depreciation as referred to in this appraisal is a change in values due to all factors causing ultimate retirement of the property. Such factors may include, but are not limited to: technological obsolescence, functional obsolescence, residual “wear and tear”, and outside economic forces.
- Title to the property is assumed good and marketable. No responsibility is assumed for matters legal in nature. No opinion is rendered as to the quality of the title.
- Testimony or attendance in court will not be required by reason of this appraisal, unless prior arrangements are made and an agreement is reached regarding a fee for such services.
- Value is determined based on the appraiser's knowledge and research into the relevant markets for the appraised property.
- Information furnished by management, upon which portions of this report are based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information.
- The information in this report is not to be reproduced in part or in full, nor used out of context in any form without the written consent of the appraiser(s).
- No responsibility is taken for changes in market conditions which occur subsequent to the effective date of this appraisal.
- An attempt has been made to identify leased or encumbered assets. However, there are no guarantees that all leased or encumbered assets have been identified or eliminated from the report.
- Thomas Industries is not an environmental consulting firm nor does it accept any responsibility for environmental liabilities that would influence the value of the appraised property.



### **Certification**

The appraiser certifies to the best of his knowledge and belief:

- The statement of fact contained in the report is true and correct.
- The appraiser has no present or contemplated future interest in the property.
- The compensation for this report is in no way contingent upon the conclusions reached or values estimated.
- This report sets forth all of the assumptions and limiting conditions affecting the analysis, values and conclusions contained herein.
- This report has been made in conformity with and is subject to the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP).
- No persons other than the undersigned or those acknowledged in this report prepared the analysis and values of conclusions set forth in this report.
- The appraiser has complied with all reaccreditation requirements of the American Society of Appraisers (ASA), required to maintain the senior appraisers designation.

BY:



**Thomas J. Gagliardi III**  
**Thomas Industries, Inc.**  
**Vice President**

**INDUSTRY EXPERIENCE - 23 YEARS**

Tom Gagliardi III is the Vice President and the third generation to complete understudy work at Thomas Industries. He has directly handled all phases of the auction and appraisal divisions for the past 23 years. To date, he has personally conducted thousands of appraisals throughout the United States, Canada and Mexico giving him the unique ability to ascertain values of all types. Tom has appeared as an expert witness in State and Federal courts throughout the country.

**EDUCATION**

- 1988 to 1990 - University of Vermont, Vermont
- 1990 to 1991 - Lewis & Clark College, Oregon
- American Society of Appraisers (ASA) – ME201 Machinery & Equipment
- American Society of Appraisers (ASA) – ME202 Machinery & Equipment
- American Society of Appraisers (ASA) – ME203 Machinery & Equipment
- American Society of Appraisers (ASA) – ME204 Machinery & Equipment
- American Society of Appraisers (ASA) – ME206 Appraisal of Inventory
- American Society of Appraisers (ASA) – MTS Report Writing & Machinery Identification Seminar
- Missouri Auction School - Graduate

**ASA CERTIFICATION**

Tom earned his senior designation with the American Society of Appraisers (ASA) and completed all classes, study work and experience needed to be assigned this certification.

**PROFESSIONAL ASSOCIATIONS**

- American Society of Appraisers (ASA)
- Industrial Auctioneer's Association (IAA)
- National Auctioneer's Association (NAA)
- Machinery Dealers National Association (MDNA) – Previous Officer
- Turnaround Management Association (TMA)



APOLLO SOLAR, INC. - EFFECTIVE DATE: 9/6/2017

ITEM#	DESCRIPTION	O.L.V.
<b><u>MACHINERY &amp; EQUIPMENT</u></b>		
1.	LAMBDA ESS HIGH POWER DC POWER SUPPLY MODEL ESS400-25-2-D-RSTL, S/N 21A2480 400 VOLT, 25 AMP	\$1,500.00
2.	KIKUSU ELECTRONIC LOAD MODEL PLZ603W, S/N 1100026, 1.5-120V/0-20A, 600 W	\$500.00
3.	XANTREX DIGITAL DC POWER SUPPLY MODEL XDC150-80, S/N E00084545, 0-150V, 0-80A	\$1,000.00
4.	TEKTRONIX FOUR CHANNEL DIGITAL STORAGE OSCILLOSCOPE MODEL TPS2024, S/N C010371, 200 MHZ, 2 GS/S	\$1,250.00
5.	HEWLETT PACKARD MULTIMETER MODEL 34401A, S/N US36055120	\$300.00
6.	XANTREX DC POWER SUPPLY MODEL XHR60-18, S/N 67580, 0-60V, 0-18A	\$450.00
7.	VITREK AC/DC/IR/GB HIGH ELECTRICAL SAFETY ANALYZER MODEL V4, S/N 16688, 6.0 KVDC MAX	\$650.00
8.	TEKTRONIX FOUR CHANNEL DIGITIZING OSCILLOSCOPE MODEL TDS-540B S/N B020692, W/ INSTAVU, 500 MHZ, 2 GS/S	\$900.00
9.	TEKTRONIX FOUR CHANNEL OSCILLOSCOPE MODEL 2465, S/N B021533, 300 MHZ, (ONLY 1 CHANNEL IS WORKING)	\$300.00
10.	HEWLETT PACKARD MULTIMETER MODEL 34401, S/N US36040198	\$300.00
11.	TOPWARD ELECTRIC DC POWER SUPPLY MODEL TPS-2000, S/N 956909	\$75.00
12.	GW INSTEK LCR METER MODEL LCR-821, S/N EI132355	\$1,000.00
13.	HEWLETT PACKARD SYSTEM DC POWER SUPPLY MODEL 6632A, S/N 3524A-12636, 0-20V, 0-5A, 100W	\$150.00
14.	TEKTRONIX TWO CHANNEL OSCILLOSCOPE MODEL TDS320, S/N B033318	\$400.00
15.	1998 TOPWARD DC POWER SUPPLY MODEL 3303A, S/N 668619	\$100.00
16.	MASTECH DC POWER SUPPLY MODEL HY5020E, S/N 0121031	\$100.00
17.	HEWLETT PACKARD MULTIMETER MODEL 3478A, S/N 2520A22012	\$75.00
18.	BK PRECISION MULTIMETER MODEL 2860 S/N 21004313	\$50.00
19.	BK PRECISION MULTIMETER MODEL 2860A, S/N 2109117	\$50.00
20.	XANTREX DC POWER SUPPLY MODEL XHR60-18, S/N 67551, 0-60V, 0-18A	\$450.00
21.	2015 POLYMMA H.K. FULLY AUTOMATIC WIRE CUTTING & STRIPPING MACHINE, NO MODEL OR S/N, (8) PNEUMATIC PRESSURE ROLLERS, MAX 2 WIRE (CHINESE)	\$3,000.00
22.	DELTA BENCH DRILL PRESS MODEL 11-990, S/N 9514, 12" SWING	\$150.00
23.	JET PORTABLE 8" HORIZONTAL/VERTICAL BAND SAW MODEL 414458, S/N 110535159	\$350.00
24.	VIDMAR 6-DRAWER ROLLING TOOL CABINET, 30" W X 28" D X 48" H	\$800.00
25.	CUSTOM SHOP MADE TEST BENCH FOR APOLLOS SOLAR 4048V INVERTERS, (16) 12 VOLT AUTO BATTERY POWERED, CABINET	\$500.00
26.	CUSTOM SHOP MADE TEST BENCH FOR APOLLO CHARGER CONTROLLER, HIGH VOLTAGE POWER SUPPLY	\$500.00
27.	COMPUTER EQUIPMENT LOCATED THROUGHOUT THE FACILITY INCLUDING: (2) DELL LATITUDE LAPTOPS, (1) ASUS EEE LAPTOP, (1) LENOVO RG1 THINK PAD, (7) DELL DESKTOP COMPUTERS, XEROX PHASER 6280 COLOR PRINTER, (2) OFFICE PRINTERS: HP LASER JET PRO, MFP M310FW	\$2,700.00



APOLLO SOLAR, INC. - EFFECTIVE DATE: 9/6/2017

ITEM#	DESCRIPTION	O.L.V.
28.	SHOP SUPPORT EQUIPMENT LOCATED THROUGHOUT THE FACILITY INCLUDING BUT NOT LIMITED TO: (8) LAMINATED TOP 8' ASSEMBLY TYPE BENCHES W/ POWER OUTLETS, (36) METAL SHELVES, VARIOUS SIZES, (3) SHOP CARTS, HAND TRUCK, PALLET JACK, (40) PLASTIC FOLDING SAW HORSES, HAND TAPPER, STRAPPING UNIT, PELOUZE 150 LB CAPACITY ELECTRONIC WEIGH SCALE, (2) MANUAL WIRE CUTTERS, DEWALT NON-CORDED SCREW DRIVERS AND DRILL, JET 1 TON BENCH ARBOR PRESS, BLACK & DECKER 6" DOUBLE END BENCH GRINDER/BUFFER, MACHINIST TOOL BOX, HAND TOOLS, MAXIS 1/2" - 2" MANUAL CONDUIT PUNCH SET, BENCH VISE, ELECTRIC HEATERS & FANS, ETC.	\$4,000.00
29.	OFFICE & SHOP FURNITURE LOCATED THROUGHOUT THE FACILITY INCLUDING BUT NOT LIMITED TO: (3) DESKS - WOOD & METAL, (21) CHAIRS - ARM & SWIVEL, (1) WOOD CREDENZA, (9) BOOKCASES, (12) PARTITION SECTIONS - VARIOUS SIZES, (7) FILE CABINETS - (6) 4-DRAWER (1) 2-DRAWER, (10) ASSORTED WORK TABLES, (6) WHITE BOARDS - VARIOUS SIZES, WESTINGHOUSE MICROWAVE & MINI REFRIGERATOR, DELONGHI TOASTER OVEN, ETC.	\$2,500.00
30.	2007 AUDI A6 SEDAN 4-DOOR 3.2 L V6 DOHC, GAS ENGINE, 24V, 104,387 MILES	\$6,000.00
<b>SECTION TOTAL:</b>		<b>\$30,100.00</b>
<b><u>INVENTORY</u></b>		
31.	(26) APOLLO SOLAR TRUE SINE WAVE INVERTERS MODEL TSW4048 (INTERTEK 3101303) 4000 WATT MAX OUTPUT POWER, CONTINUOUS CHARGING, 31036, 31051, 31078, 31066, 31054, 31083, 30677, 31063, 31097, 31061, 31068, 31077, 31091, 31037, 31093, 31043, 31065, 31096, 31084, 31047, 31041, 31101, 31072, 31046, 31034, 31092	\$15,000.00
<b>SECTION TOTAL:</b>		<b>\$15,000.00</b>

AS OF 9/6/2017 THE TOTAL OLV OF THIS APPRAISAL IS:

**\$45,100.00**



## APOLLO SOLAR, INC.



LAMBDA ESS HIGH POWER DC POWER SUPPLY MODEL ESS400-25-2-D-RSTL, S/N 21A2480 400 VOLT, 25 AMP



KIKUSUI ELECTRONIC LOAD MODEL PLZ603W, S/N 1100026, 1.5-120V/0-20A, 600 W





## APOLLO SOLAR, INC.



XANTREX DIGITAL DC POWER SUPPLY MODEL XDC150-80, S/N E00084545, 0-150V, 0-80A



TEKTRONIX FOUR CHANNEL DIGITAL STORAGE OSCILLOSCOPE MODEL TPS2024, S/N C010371, 200 MHZ, 2 GS/S



## APOLLO SOLAR, INC.



HEWLETT PACKARD MULTIMETER MODEL 34401A, S/N US36055120



XANTREX DC POWER SUPPLY MODEL XHR60-18, S/N 67580, 0.-60V, 0-18A





## APOLLO SOLAR, INC.



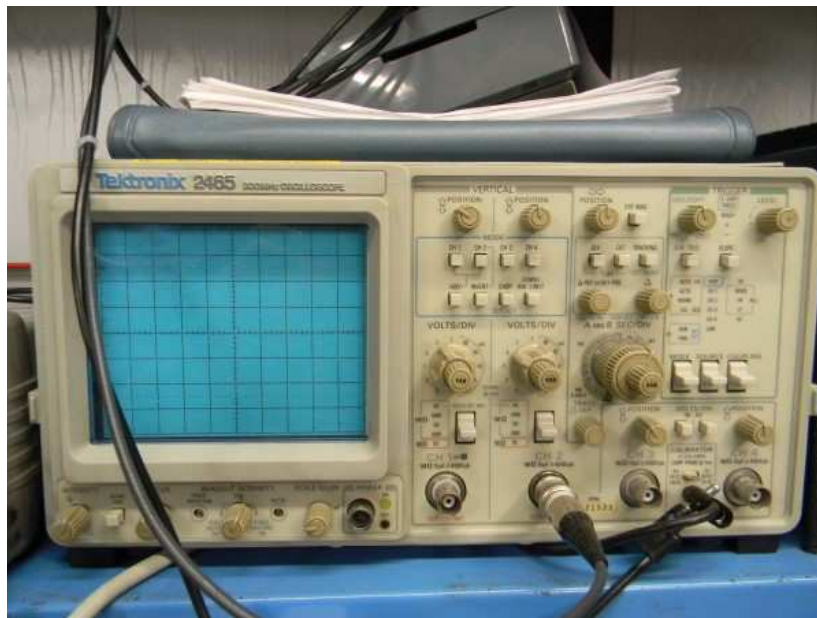
VITREK AC/DC/IR/GB HIGH ELECTRICAL SAFETY ANALYZER MODEL V4, S/N 16688, 6.0 KVDC MAX



TEKTRONIX FOUR CHANNEL DIGITIZING OSCILLOSCOPE MODEL TDS-540B S/N B020692, W/ INSTAVU, 500 MHZ, 2 GS/S



## APOLLO SOLAR, INC.



TEKTRONIX FOUR CHANNEL OSCILLOSCOPE MODEL 2465, S/N B021533, 300 MHZ, (ONLY 1 CHANNEL IS WORKING)



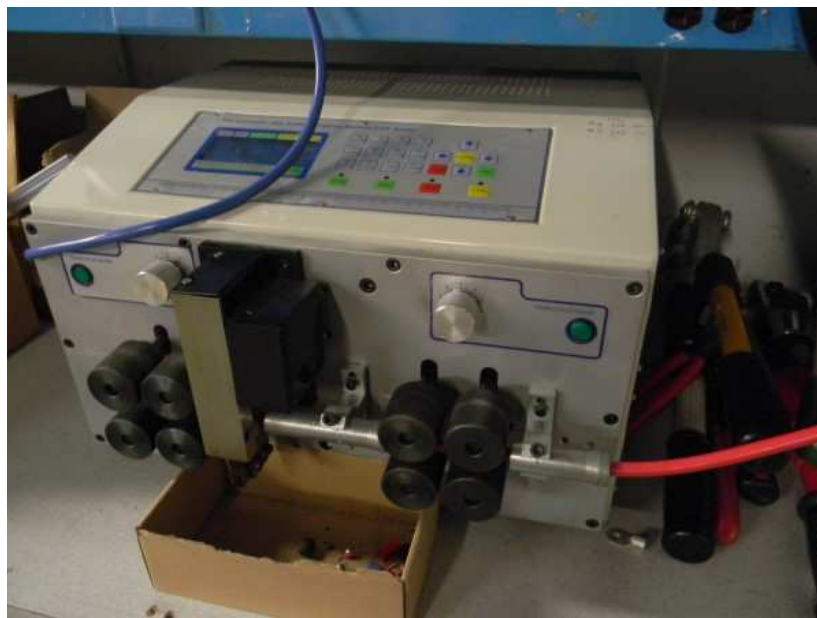
GW INSTEK LCR METER MODEL LCR-821, S/N EI132355



## APOLLO SOLAR, INC.



TEKTRONIX TWO CHANNEL OSCILLOSCOPE MODEL TDS320, S/N B033318



2015 POLYMMA H.K. FULLY AUTOMATIC WIRE CUTTING & STRIPPING MACHINE, NO MODEL OR S/N, (8) PNEUMATIC PRESSURE ROLLERS, MAX 2 WIRE (CHINESE)



## APOLLO SOLAR, INC.



VIDMAR 6-DRAWER ROLLING TOOL CABINET, 30" W X 28" D X 48" H



CUSTOM SHOP MADE TEST BENCH FOR APOLLOS SOLAR 4048V INVERTERS, (16) 12 VOLT AUTO BATTERY POWERED, CABINET





## APOLLO SOLAR, INC.



CUSTOM SHOP MADE TEST BENCH FOR APOLLO CHARGER CONTROLLER, HIGH VOLTAGE POWER SUPPLY



2007 AUDI A6 SEDAN 4-DOOR 3.2 L V6 DOHC, GAS ENGINE, 24V, 104,387 MILES



## APOLLO SOLAR, INC.



(26) APOLLO SOLAR TRUE SINE WAVE INVERTERS MODEL TSW4048 (INTERTEK 3101303) 4000 WATT MAX OUTPUT POWER, CONTINUOUS CHARGING, 31036, 31051, 31078, 31066, 31054, 31083, 30677, 31063, 31097, 31061, 31068, 31077, 31091, 31037, 31093, 31043, 31065, 31096, 31084, 31047, 31041, 31101, 31072, 31046, 31034, 31092

APOLLO SOLAR, INC., NO. 17-50247		LIQUIDATION ANALYSIS	
DESCRIPTION OF ASSET	Value	Amount liened by DECD security interest	Equity
DIP account	\$131,567.15	\$131,567.15	\$0.00
Furntiture and fixtures	\$24,100.00	\$24,100.00	\$0.00
Inventory	\$15,000.00	\$15,000.00	\$0.00
2007 Audi A6 4WD	\$6,000.00	\$6,000.00	\$0.00
<b>Total due to unsecured creditors in a hypothetical liquidation</b>			<b>\$0.00</b>

EXHIBIT B



# Apollo Solar, Inc.

## **Plan for Reorganization and Financial Projections For fiscal years ending Sept 30, 2018 through Sept 30, 2022**

January 2, 2018

**EXHIBIT C**



**To the US Court, Apollo Solar Creditors and Apollo Solar Shareholders,**

Apollo Solar, Inc.  
Bethel, Connecticut  
December 27, 2017

## **SUMMARY OF SIGNIFICANT PROJECTION ASSUMPTIONS**

### **NOTE A – NATURE AND LIMITATIONS OF PROJECTIONS:**

The Cash Flow and Profit and Loss Projections presented in the attached pages assume that the Court and the Creditors approve the Plan for Reorganization and that the Company continues to attain the projected sales levels of our flagship PV for Telecom Remote Energy Systems during the next 5 years. The financial projects represent, to the best of the Management's knowledge and belief, the Company's expected financial position, results of operation and cash flows for the fiscal years ending September 30, 2018 through September 30, 2022, provided the Company attains the projected levels of product sales and growth for the next 5 years. Accordingly, the projections reflect Management's judgment, as of the December 27, 2017 date of these projections, of the expected conditions and its expected course of action given by the hypothetical assumptions described below.

This presentation is designed to assist the Court, Debtor's creditors, and Debtor's shareholders in their determination of the feasibility of Debtor's Plan of Reorganization. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those that Debtor's Management believes are significant to the projections. Even if the projected levels of sales are attained, there may be differences, at times material, between the expectations and the realization of the amounts described herein.

### **NOTE B – NATURE OF OPERATIONS:**

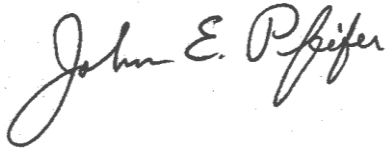
Apollo Solar, Inc. designs and manufactures electronic products called Charge Controllers, which maximize the electricity collected from Photo-Voltaic (PV) Modules or Solar Panels which is then stored in large batteries. The Company builds industrial cabinets with multiple Charge Controllers and other components to monitor, control and distribute the electricity as it is needed to power equipment on cell phone towers, or in buildings, homes and many other remote sites. Our Cabinets are used where standard utility grid electricity is not available or is un-reliable. Although these off-grid or battery-based sources of electricity are used in many markets, telecom operators comprise the company's largest group of customers. Their cell phone towers and repeater stations require continuous electric power, and they have found that Debtor's products are exactly what they need. Each of the Apollo Solar cabinets sells for between \$6,000 and \$15,000 depending on the number of charge controllers and options inside.

Apollo Solar does not manufacture solar panels. The price for PV modules have dropped from \$6.00 per watt in 2000 to \$0.40 per watt today, which has hurt the PV manufacturers but benefitted Apollo Solar, increasing the size of Apollo's market.

**NOTE C – INCOME PROJECTION ASSUMPTIONS:**

Apollo has a fiscal year of October 1st thru September 30th. These projections are based on the 207 fiscal year and Debtor's future expectations. The 2018 numbers start with a small decline as customers adjust to our Chapter 11 filing. As oil futures are flat we expect sales to only marginally increase for the next 5 years. We also expect to add additional inventory in each of the next 5 years, as we believe we have missed some business due to less inventory and longer lead times.

Very truly yours,



John E. Pfeifer, CEO  
Apollo Solar, Inc.

Apollo Solar, Inc. Cashflow projections						
	Actual	Projected	Projected	Projected	Projected	Projected
<b>Profit and Loss</b>	<b>Fiscal 2017</b>	<b>Fiscal 2018</b>	<b>Fiscal 2019</b>	<b>Fiscal 2020</b>	<b>Fiscal 2021</b>	<b>Fiscal 2022</b>
<b>Revenue</b>	<b>\$1,186,760</b>	<b>\$1,100,000</b>	<b>\$1,200,000</b>	<b>\$1,300,000</b>	<b>\$1,400,000</b>	<b>\$1,500,000</b>
Purchases	\$576,384	\$528,000	\$576,000	\$624,000	\$672,000	\$720,000
Commisions	\$46,582	\$55,000	\$60,000	\$65,000	\$70,000	\$75,000
Freight	\$75,283	\$22,000	\$24,000	\$26,000	\$28,000	\$30,000
<b>Total Costs</b>	<b>\$698,249</b>	<b>\$605,000</b>	<b>\$660,000</b>	<b>\$715,000</b>	<b>\$770,000</b>	<b>\$825,000</b>
Wages Production	\$87,421	\$160,000	\$165,000	\$170,000	\$180,000	\$190,000
Taxes Wages	\$10,424	\$17,600	\$18,150	\$18,700	\$19,800	\$20,900
<b>Total cost of labor</b>	<b>\$97,845</b>	<b>\$177,600</b>	<b>\$183,150</b>	<b>\$188,700</b>	<b>\$199,800</b>	<b>\$210,900</b>
<b>Gross Profit</b>	<b>\$390,666</b>	<b>\$317,400</b>	<b>\$356,850</b>	<b>\$396,300</b>	<b>\$430,200</b>	<b>\$464,100</b>
GP%	32.9%	28.9%	29.7%	30.5%	30.7%	30.9%
Accountant /Attorney	\$54,682	\$25,000	\$5,000	\$5,125	\$5,253	\$5,384
Bank charges	\$4,238	\$3,000	\$3,075	\$3,152	\$3,231	\$3,311
Adp	\$1,042	\$1,042	\$1,068	\$1,095	\$1,122	\$1,150
Administration	\$52,043	\$84,000	\$84,000	\$84,000	\$120,000	\$120,000
Software	\$24,457	\$24,000	\$24,600	\$25,215	\$25,845	\$26,492
Engineering			\$40,000	\$60,000	\$70,000	\$80,000
Insurance	\$7,550	\$7,550	\$7,739	\$7,932	\$8,131	\$8,334
Server	\$17,945	\$17,945	\$18,394	\$18,853	\$19,325	\$19,808
Office supplies	\$2,193	\$2,000	\$2,050	\$2,101	\$2,154	\$2,208
Rent	\$24,150	\$31,500	\$31,500	\$31,500	\$31,500	\$31,500
Shop Supplies	\$1,555	\$1,555	\$1,594	\$1,634	\$1,675	\$1,716
Travel	\$5,757	\$5,757	\$5,901	\$6,048	\$6,200	\$6,355
Taxes	\$725	\$1,100	\$1,128	\$1,156	\$1,185	\$1,214
Trustee fee	\$5,850	\$5,850	\$0	\$0	\$0	\$0
Telephone	\$4,195	\$2,200	\$2,255	\$2,311	\$2,369	\$2,428
Cable	\$1,248	\$1,680	\$1,722	\$1,765	\$1,809	\$1,854
Utilities	\$9,357	\$12,000	\$12,300	\$12,608	\$12,923	\$13,246
Other	\$1,233	\$1,000	\$1,025	\$1,051	\$1,077	\$1,104
<b>Operating expenses</b>	<b>\$218,220</b>	<b>\$227,179</b>	<b>\$243,350</b>	<b>\$265,546</b>	<b>\$313,797</b>	<b>\$326,105</b>
<b>Net Income</b>	<b>\$172,446</b>	<b>\$90,221</b>	<b>\$113,500</b>	<b>\$130,754</b>	<b>\$116,403</b>	<b>\$137,995</b>
Cash uses						
Lease arrearage		-\$12,000	-\$12,000	-\$12,000	-\$12,000	-\$12,000
Inventory purchases			-\$10,000	-\$15,000	-\$20,000	-\$25,000
FFE replacement		\$0	-\$2,500	-\$2,500	-\$2,500	-\$2,500
<b>Annual net income</b>		<b>\$78,221</b>	<b>\$89,000</b>	<b>\$101,254</b>	<b>\$81,903</b>	<b>\$98,495</b>
<b>Monthly net income</b>		<b>\$6,518.42</b>	<b>\$7,416.69</b>	<b>\$8,437.84</b>	<b>\$6,825.24</b>	<b>\$8,207.95</b>