GLOBAL POWER EQUIPMENT GROUP INC.
Form 10-Q
May 21, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File No. 001-16501

Global Power Equipment Group Inc.

(Exact name of registrant as specified in its charter)

Delaware	73-1541378
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

400 E. Las Colinas Blvd., Suite 400

Irving, TX 75039

(Address of principal executive offices) (Zip code)

(214) 574-2700

(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 17, 2018, there were 18,464,405 shares of common stock of Global Power Equipment Group Inc. outstanding.

GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

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Part I—FINANCIAL INFORMATION

Item 1. Financial Statements.

GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands, except share data)	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	$ 8,021	$ 4,594
Restricted cash	10,421	11,562
Accounts receivable, net of allowance of $1,501 and $1,568, respectively	18,816	26,060
Costs and estimated earnings in excess of billings	9,846	11,487
Other current assets	2,240	4,006
Current assets of discontinued operations	25,534	27,922
Total current assets	74,878	85,631
Property, plant and equipment, net	1,428	1,712
Goodwill	35,400	35,400
Intangible assets, net	12,500	12,500
Other long-term assets	767	573
Total assets	$ 124,973	$ 135,816
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,988	$ 5,080
Accrued compensation and benefits	9,379	7,481
Billings in excess of costs and estimated earnings	5,294	7,049
Other current liabilities	3,840	5,552
Current liabilities of discontinued operations	23,534	28,802
Total current liabilities	46,035	53,964
Long-term debt, net	25,003	24,304
Deferred tax liabilities	10,123	9,921
Other long-term liabilities	1,913	2,390
Long-term liabilities of discontinued operations	3,193	3,110
Total liabilities	86,267	93,689
Commitments and contingencies (Note 8 and 10)		
Stockholders' equity:		
Common stock, $0.01 par value, 170,000,000 shares authorized and 19,527,867 and 19,360,026 shares issued, respectively, and 18,091,066 and 17,946,386 shares outstanding, respectively	195	193
Paid-in capital	79,475	78,910
Retained earnings (deficit)	(40,950)	(36,962)
Treasury stock, at par (1,436,801 and 1,413,640 common shares, respectively)	(14)	(14)

Total stockholders' equity	38,706	42,127
Total liabilities and stockholders' equity	$ 124,973	$ 135,816

See accompanying notes to condensed consolidated financial statements.

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GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended March 31,	
(in thousands, except per share data)	2018	2017
Revenue	$ 43,121	$ 45,632
Cost of revenue	36,671	47,187
Gross profit (loss)	6,450	(1,555)
Selling and marketing expenses	426	567
General and administrative expenses	6,590	9,545
Depreciation and amortization expense	221	335
Total operating expenses	7,237	10,447
Operating loss	(787)	(12,002)
Interest expense, net	1,378	1,701
Gain on sale of business and net assets held for sale	—	(239)
Other (income) expense, net	(212)	(1)
Total other (income) expenses, net	1,166	1,461
Loss from continuing operations before income tax expense (benefit)	(1,953)	(13,463)
Income tax expense (benefit)	285	(1,838)
Loss from continuing operations	(2,238)	(11,625)
Loss from discontinued operations before income tax expense (benefit)	(1,708)	(4,244)
Income tax expense (benefit)	42	979
Income (loss) from discontinued operations	(1,750)	(5,223)
Net loss	$ (3,988)	$ (16,848)
Basic earnings (loss) per common share		
Loss from continuing operations	$ (0.12)	$ (0.67)
Earnings (loss) from discontinued operations	(0.10)	(0.30)
Basic earnings (loss) per common share	$ (0.22)	$ (0.97)
Diluted earnings (loss) per common share		
Loss from continuing operations	$ (0.12)	$ (0.67)
Earnings (loss) from discontinued operations	(0.10)	(0.30)
Diluted loss per common share	$ (0.22)	$ (0.97)

See accompanying notes to condensed consolidated financial statements.

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GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

	Three Months Ended March 31,	
(in thousands)	2018	2017
Net loss	$ (3,988)	$ (16,848)
Foreign currency translation adjustment	—	589
Comprehensive loss	$ (3,988)	$ (16,259)

See accompanying notes to condensed consolidated financial statements.

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GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)

	Common Shares $0.01 Per Share		Paid-in	Retained Earnings	Treasury Shares		
(in thousands, except share data)	Shares	Amount	Capital	(deficit)	Shares	Amount	Total
Balance, December 31, 2017	19,360,026	$ 193	$ 78,910	$ (36,962)	(1,413,640)	$ (14)	$ 42,127
Issuance of restricted stock units	167,841	2	(2)	—	—	—	—
Tax withholding on restricted stock units	—	—	(186)	—	(23,161)	—	(186)
Stock-based compensation	—	—	753	—	—	—	753
Net loss	—	—	—	(3,988)	—	—	(3,988)
Balance, March 31, 2018	19,527,867	$ 195	$ 79,475	$ (40,950)	(1,436,801)	$ (14)	$ 38,706

See accompanying notes to condensed consolidated financial statements.

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GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Three Months Ended March 31,	
(in thousands)	2018	2017
Operating activities:		
Net loss	$ (3,988)	$ (16,848)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Net loss from discontinued operations	1,750	5,223
Deferred income tax expense (benefit)	202	(1,884)
Depreciation and amortization on plant, property and equipment and intangible assets	221	335
Amortization of deferred financing costs	56	35
Loss on disposals of property, plant and equipment	117	30
(Gain) loss on sale of business and net assets held for sale	—	(239)
Bad debt expense	(67)	2
Stock-based compensation	194	721
Payable-in-kind interest	642	78
Changes in operating assets and liabilities, net of business sold:		
Accounts receivable	7,311	(6,314)
Costs and estimated earnings in excess of billings	1,641	6,341
Other current assets	1,765	4,932
Other assets	(194)	505
Accounts payable	(1,092)	(1,774)
Accrued and other liabilities	268	1,074
Billings in excess of costs and estimated earnings	(1,755)	1,009
Net cash provided by (used in) operating activities, continuing operations	7,071	(6,774)
Net cash provided by (used in) operating activities, discontinued operations	(4,864)	13,144
Net cash provided by (used in) operating activities	2,207	6,370
Investing activities:		
Proceeds from sale of business, net of restricted cash and transaction costs	—	20,206
Purchase of property, plant and equipment	(54)	(11)
Net cash provided by (used in) investing activities, continuing operations	(54)	20,195
Net cash provided by (used in) investing activities, discontinued operations	319	(276)
Net cash provided by (used in) investing activities	265	19,919
Financing activities:		
Repurchase of stock-based awards for payment of statutory taxes due on stock-based compensation	(186)	(185)
Debt issuance costs	—	(57)
Dividends paid	—	(9)
Proceeds from long-term debt	—	83,100
Payments of long-term debt	—	(102,647)
Net cash provided by (used in) financing activities, continuing operations	(186)	(19,798)
Net cash provided by (used in) financing activities, discontinued operations	—	—
Net cash provided by (used in) financing activities	(186)	(19,798)

Effect of exchange rate change on cash, continuing operations	—	(7)
Effect of exchange rate change on cash, discontinued operations	—	78
Effect of exchange rate change on cash	—	71
Net change in cash, cash equivalents and restricted cash	2,286	6,562
Cash, cash equivalents and restricted cash, beginning of period	16,156	11,570
Cash, cash equivalents and restricted cash, end of period	$ 18,442	$ 18,132
Supplemental Disclosures:		
Cash paid for interest	$ 673	$ 1,863
Cash paid for income taxes, net of refunds	$ —	$ 86

See accompanying notes to condensed consolidated financial statements.

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GLOBAL POWER EQUIPMENT GROUP INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1—BASIS OF PRESENTATION

Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") on a basis consistent with that used in the Annual Report on Form 10-K for the year ended December 31, 2017 filed by Global Power Equipment Group Inc. and its wholly owned subsidiaries ("Global Power," "we," "us," "our" or the "Company") with the United States (the "U.S.") Secu and Exchange Commission ("SEC") on April 16, 2018 (the "2017 Report") and include all normal recurring adjustments necessary to present fairly the unaudited condensed consolidated balance sheets and statements of operations, comprehensive loss, cash flows and stockholders' equity for the periods indicated. All significant intercompany transactions have been eliminated. These notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2017 Report. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the three month period are not necessarily indicative of the results to be expected for the full year.

The Company reports on a fiscal quarter basis utilizing a "modified" 4-4-5 calendar (modified in that the fiscal year always begins on January 1 and ends on December 31). However, the Company has continued to label its quarterly information using a calendar convention. The effects of this practice are modest and only exist when comparing interim period results. The reporting periods and corresponding fiscal interim periods are as follows:

Reporting Interim Period	Fiscal Interim Period	
	2018	2017
Three Months Ended March 31	January 1, 2018 to April 1, 2018	January 1, 2017 to April 2, 2017
Three Months Ended June 30	April 2, 2018 to July 1, 2018	April 3, 2017 to July 2, 2017
Three Months Ended September 30	July 2, 2018 to September 30, 2018	July 3, 2017 to October 1, 2017

NOTE 2—LIQUIDITY

The Company's condensed consolidated financial statements have been prepared on a going concern basis, which assumes that it will be able to meet its obligations and continue its operations during the twelve-month period following the issuance of this Quarterly Report on Form 10-Q for the three months ended March 31, 2018 (this "Form 10-Q"). These financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result should the Company be unable to continue as a going concern.

Management has assessed the Company's financial condition and has concluded that the following factors, taken in the aggregate, raise substantial doubt regarding the Company's ability to continue as a going concern for the twelve-month period following the issuance of this Form 10-Q:

· For the past several years, the Company has incurred both net losses and negative cash flows from operations.

- For the three months ended March 31, 2018, the Company had a net loss (including discontinued operations) of $4.0 million.
- As of both March 31, 2018 and December 31, 2017, Electrical Solutions was classified as held-for-sale and presented as a discontinued operation. However, the Company continues to incur operating losses at its Electrical Solutions Houston facility.
- The Company's liquidity has been, and is currently projected to remain, very constrained. The Company's lack of access to readily available capital resources and unexpected delays in collecting projected cash receipts could create significant liquidity problems.
- Under the Centre Lane Facility (as defined below), tax refunds and/or any extraordinary receipts in excess of $0.5 million in the aggregate in any fiscal year, with the exception of $3.7 million of extraordinary receipts waived in

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the Fourth Amendment (as defined below), must be used to prepay amounts outstanding under the Centre Lane Facility.

- The Fourth Amendment to the Centre Lane facility requires prepayment of all outstanding amounts due and payable on the earlier of (i) May 31, 2019 (although that date is just outside the ensuing twelve month period following the date this Form 10-Q is filed) (ii) the date Williams Industrial Services Group, LLC and its subsidiaries are sold or (iii) the date of acceleration of the loans pursuant to an additional event of default.

Management's mitigation plans, which aim to alleviate the factors that caused the substantial doubt, include the following:

- In April 2018, as part of the Fourth Amendment to the Centre Lane Facility, the Company negotiated a $3.0 million Incremental Loan Commitment the Company can draw upon in minimum increments of $1.0 million. This Loan Commitment can provide emergency funding to the Company in the event of a cash shortfall.
- The Company is aggressively pursuing the sale of Electrical Solutions. Additionally, the Company has initiated the closure of a certain leased facility to streamline its operations in an effort to curtail further losses and negative cash flows.
- With the more streamlined company structure resulting from the completed disposal of Mechanical Solutions and the anticipated disposal of Electrical Solutions, the Company began implementing its plan to significantly reduce the corporate headquarters costs, including headcount, in April 2018.

While management believes its mitigation plans alleviate the substantial doubt regarding the Company's ability to continue as a going concern during the ensuing twelve-month period, the Company may not ultimately be able to successfully implement these plans, and investors could lose the full value of their investment in the Company's common stock if bankruptcy protection is ultimately sought.

NOTE 3—RECENT ACCOUNTING PRONOUNCEMENTS

Recently Adopted Accounting Pronouncements

In the first quarter of 2018, the Company adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-18, "Restricted Cash (a consensus of the FASB Emerging Issues Task Force)." ASU 2016-18 requires an entity to include in its cash and cash-equivalent balances in the statement of cash flows those amounts that are deemed to be restricted cash and restricted cash equivalents. The Company adopted ASU 2016-18 on a retrospective basis, and net transfers of restricted cash of $1.1 million and $2.8 million have been presented in net change in cash and cash equivalents in the condensed consolidated statements of cash flows for the three months ended March 31, 2018 and 2017, respectively.

In the first quarter of 2018, the Company adopted ASU 2016-15, "Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments." ASU 2016-15 requires an entity to classify distributions received from equity method investees in the statement of cash flows using either the cumulative earnings approach or the nature of distribution approach. The Company adopted ASU 2016-15 on a retrospective basis and elected to classify distributions received from its equity method investees using the cumulative earnings approach. The adoption of ASC 2016-15 did not have an impact on the condensed consolidated statements of cash flows for the three months ended March 31, 2018 and 2017, respectively.

In the first quarter of 2018, the Company adopted ASU 2014-09 (ASC Topic 606), "Revenue from Contracts with Customers," and the related ASUs, which provided new guidance for revenue recognized from contracts with customers and replaced the previously existing revenue recognition guidance. ASU 2014-09 requires that revenue be recognized at an amount the Company is entitled to upon transferring control of goods or services to customers, as opposed to when risks and rewards transfer to a customer. The Company adopted ASC Topic 606 using the modified retrospective method, and accordingly, the new guidance was applied retrospectively to contracts that were not completed as of December 31, 2017. Results for operating periods beginning after January 1, 2018 are presented under ASC Topic 606, while comparative information for prior periods has not been restated and continues to be reported in accordance with the accounting standards in effect for those periods. The adoption of ASC Topic 606 did not yield changes to the method or timing of revenue recognized and did not have a material impact on the Company's financial position, results of operations and cash flows as of and for the three months ended March 31, 2018.

There was no material difference in the Company's results for the three months ended March 31, 2018 with application of ASC

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Topic 606 on its contracts and what results would have been if such contracts had been reported using accounting standards previously in effect for such contracts. The Company elected to utilize the modified retrospective transition practical expedient that allows the Company to evaluate the impact of contract modifications as of January 1, 2018 rather than evaluating the impact of the modifications at the time they occurred. There was no material impact associated with the election of this practical expedient.

The Company also elected to utilize the practical expedient to recognize revenue in the amount to which it has a right to invoice for services performed when it has a right to consideration from a customer in an amount that corresponds directly with the value of its performance completed to date.

Please refer to Note 5 Revenue for additional discussion of the Company's revenue recognition accounting policies and expanded disclosures required by ASC Topic 606.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2018, the FASB issued ASU 2018-02, "Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income," which gives entities the option to reclassify the tax effects stranded in accumulated other comprehensive income as a result of the enactment of comprehensive tax legislation, commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "Tax Act"), to retained earnings. ASU 2018-02 is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company does not expect the adoption of ASU 2018-02 to have a material impact on its financial position, results of operations and cash flows.

In February 2016, the FASB issued ASU 2016-02, "Leases." The primary difference between the current requirement under GAAP and ASU 2016-02 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases. ASU 2016-02 requires that a lessee recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustment, such as for initial direct costs. For income statement purposes, the FASB retained a dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases), while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied in current lease accounting. ASU 2016-02 is effective for annual and interim periods beginning after December 15, 2018, and early adoption is permitted. ASU 2016-02 must be adopted using a modified retrospective transition, and provides for certain practical expedients. The Company has not determined the potential impact of the adoption of ASU 2016-02 on its financial position, results of operations and cash flows.

NOTE 4—CHANGES IN BUSINESS

Discontinued Operations

During the fourth quarter of 2017, the Company made the decision to exit and sell its Electrical Solutions segment in an effort to reduce the Company's outstanding term debt. The Company determined that the decision to exit this segment met the definition of a discontinued operation. As a result, this segment has been presented as a discontinued operation for all periods presented. As a result of the Company's decision to sell the Electrical Solutions segment, the Company performed an impairment analysis on this segment's finite- and indefinite-lived intangible assets (customer relationships and trade names, respectively) and determined that their carrying value exceeded their fair value. As a result, in the fourth quarter of 2017, the Company recorded an impairment charge of $9.7 million related to these intangible assets. After the impairment charge, the fair value of this segment's intangible assets was zero at December 31, 2017. Determining fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs. There were no other non-recurring fair value remeasurements related to the Electrical Solutions segment during the year ended December 31, 2017 or three months ended March 31, 2018.

During the third quarter of 2017, the Company made the decision to exit and sell substantially all of the operating assets and liabilities of its Mechanical Solutions segment in an effort to reduce the Company's outstanding term debt. The Company determined that the decision to exit this segment met the definition of a discontinued operation. As a result, this segment has been presented as a discontinued operation for all periods presented. The Mechanical Solutions and the Electrical Solutions segments were the only components of the business that qualified for discontinued operations for all periods presented.

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On October 11, 2017, the Company sold substantially all of the operating assets and liabilities of its Mechanical Solutions segment for $43.0 million and used a portion of the proceeds to pay down $34.0 million of the Company's outstanding debt and related fees, including full repayment of the First-Out Loan (as defined below). Additionally, on October 31, 2017, the Company completed the sale of its manufacturing facility in Mexico and auctioned the remaining production equipment and other assets for net proceeds of $3.6 million, of which $1.9 million was used to reduce the principal amount of the Initial Centre Lane Facility (as defined below). The remainder was used to fund working capital requirements. In the fourth quarter of 2017, the Company recorded a total gain of $6.3 million related to these sales.

The Company excluded an asset and liability from the sale of the Mechanical Solutions segment, which were comprised of the Company's office building located in Heerlen, Netherlands and its liability for uncertain tax positions. The liability was included in long-term liabilities of discontinued operations in the March 31, 2018 and December 31, 2017 condensed consolidated balance sheets. The asset was included in current assets of discontinued operations in the December 31, 2017 condensed consolidated balance sheet. At the time the Heerlen office building met the "asset held for sale" criteria, its carrying value was $0.5 million; however, the Company subsequently determined that the building's carrying value exceeded its fair value and, consequently, it recorded an impairment charge of $0.2 million during the fourth quarter of 2017. The impairment charge was included in loss from discontinued operations before income tax expense (benefit) in the consolidated statement of operations for the year ended December 31, 2017. After the impairment charge, the fair value of the Heerlen building was $0.3 million at December 31, 2017. Determining fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs. There were no other non-recurring fair value remeasurements related to the Mechanical Solutions segment during the year ended December 31, 2017.

On March 21, 2018, the Company closed on the sale of its office building in Heerlen, Netherlands for $0.3 million, resulting in an immaterial gain on sale, which was reflected in loss from discontinued operations before income tax expense (benefit) in the Company's condensed consolidated statement of operations for the three months ended March 31, 2018.

In connection with the sale of its Mechanical Solutions segment, the Company entered into a transition services agreement with the purchaser to provide certain accounting and administrative services for an initial period of nine months. For the three months ended March 31, 2018, the Company provided less than $0.1 million in services for the purchaser, which was included in general and administrative expenses from continuing operations in the condensed consolidated statement of operations.

The following table presents a reconciliation of the carrying amounts of major classes of assets and liabilities of discontinued operations:

(in thousands)	March 31, 2018	December 31, 2017
Assets:		
Accounts receivable	$ 11,488	$ 12,296
Inventories, net	160	178
Cost and estimated earnings in excess of billings	9,885	11,325
Other current assets	627	493
Property, plant and equipment, net	3,374	3,630
Current assets of discontinued operations*	$ 25,534	$ 27,922

Liabilities:

Accounts payable	$ 9,038	$ 7,004
Accrued compensation and benefits	1,073	1,191
Billings in excess of costs and estimated earnings	1,113	948
Accrued warranties	1,246	1,166
Other current liabilities	11,064	18,493
Current liabilities of discontinued operations	23,534	28,802
Liability for uncertain tax positions	3,193	3,110
Long-term liabilities of discontinued operations	3,193	3,110
Total liabilities of discontinued operations	$ 26,727	$ 31,912

* The total assets of discontinued operations were classified as current on the March 31, 2018 and December 31, 2017 condensed consolidated balance sheets because it is probable that a sale will occur and proceeds will be collected within one year.

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The following table presents a reconciliation of the major classes of line items constituting the net income (loss) from discontinued operations. In accordance with GAAP, the amounts in the table below do not include an allocation of corporate overhead.

	Three Months Ended March 31,	
(in thousands)	2018	2017
Revenue		
Electrical Solutions	$ 12,844	$ 13,547
Mechanical Solutions	—	16,678
Total revenue	12,844	30,225
Cost of revenue		
Electrical Solutions	13,455	15,170
Mechanical Solutions	—	13,530
Total cost of revenue	13,455	28,700
Selling and marketing expenses	(61)	1,269
General and administrative expenses	1,143	4,339
Gain on disposal - Mechanical Solutions	(24)	—
Other	39	161
Income (loss) from discontinued operations before income taxes	(1,708)	(4,244)
Income tax expense (benefit)	42	979
Income (loss) from discontinued operations	$ (1,750)	$