HBL GROUP

March 31, 2019

APPENDIX II

Summary Memorandum

Group Name:	HBL Group	Period end:	31/03/2019
Component Name:	HBL America, Inc.		

SECTION A

SUMMARY OF AUDIT APPROACH

We were engaged to perform an audit of the March 31, 2019 financial statement accounts of HBL America, Inc. (the Company). We performed our audit in accordance with International Financial Reporting Standards (IFRS). The Company's accounting records are maintained in accordance with accounting principles generally accepted in the United States of America (US GAAP), and it is the Company's responsibility to provide the proper reconciliation of the differences between US GAAP and IFRS. We have audited the reconciliations of the accounts to determine that the Financial Reporting Package is prepared in accordance with IFRS.

The scope of our procedures was not materially altered and there were no scope limitations placed our audit scope or related procedures.

SUMMARY OF ACTUAL FINANCIAL RESULTS

Profit and Loss Statement - Key Figures

	Particulars	Figures for the current reporting period	Figures for the previous reporting period	$ Change	% Change
I	Revenue from Operations	3,359,334	3,074,264	285,070	9%
III	Total Income (I+II)	3,359,334	3,074,264	285,070	9%
IV	**EXPENSES**				
	Purchases of Stock-in-Trade	2,767,073	2,305,853	461,220	20%
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(167,404)	138,770	(306,174)	221%
	Employee benefit expenses	437,158	472,843	(35,685)	-8%
	Finance costs	7,142	5,726	1,416	25%
	Depreciation and amortisation expense	17,796	18,499	(703)	-4%
	Other Expenses	268,297	295,904	(27,607)	-9%
	Total Expenses (IV)	3,330,062	3,237,595	92,467	3%
VI	Exceptional items	-	-	-	0%
VII	Profit/(loss) before tax (V-VI)	29,272	(163,331)	192,603	118%
VIII	Tax Expense				
	1) Current tax	400	400	-	0%
	2) Deferred tax	-	-	-	0%
IX	Profit/(loss) for the period	28,872	(163,731)	192,603	118%

HBL GROUP

March 31, 2019

Comments

Revenue – There has been an overall increase in revenue from the previous reporting period. In our analysis of this increase it was noted that in the two years the Company sold to 110 different customers. Some end-user customers buy very infrequently as products have a long life. Distributors and OEMs buy more frequently, but their business levels of the Company's products can vary significantly. A significant difference in the customer makeup year by year, and the resulting volatility in the customer makeup, was noted. Some of the biggest swings positive were Benning, Battery USA, Siemens, Metro St. Louis, and CB&I. The biggest swings negative were SBS, Stadler, Adelco, Ametek, and Standby Energy. An analysis of the top 3 customers each year is presented below.

Top 3 Customers Analysis

Customer		2019		Customer		2018
Benning Power Electronics, Inc.		473,500		SBS		666,831
Siemens Industry, Inc. (IMA083)		467,793		Adelco (USD)		389,419
SBS		358,479		Stadler US Inc.		282,239
		1,299,772				1,338,489
% Total Revenue		39%				44%

As shown above, the mix of the top 3 customers has shifted and resulted in a decrease in the percent of total revenue.

Gross Margin Analysis

Particulars		Figures for the current reporting period		Figures for the previous reporting period
Revenue from Operations		3,359,334		3,074,264
Less: Purchases of Stock-in-Trade		2,767,073		2,305,853
Less: Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(167,404)		138,770
Gross Operating Margin		759,665		629,641
GM %		23%		20%

As shown above, gross margin for the current reporting period is consistent, albeit slightly improved, relative to the previous reporting period. The improvement may be a result of the changes in revenue by customer in the current reporting period, relative to the previous reporting period, as indicated in the above analysis of revenue.

Expenses: Overall operating expenses decreased during the current reporting period, compared to the previous reporting period. The primary expense items that decreased are described below.

Payroll & Employee Benefits – The Company hired a new employee during the previous reporting reperiod, leading to higher payroll & benefits costs. However, in the current reporting period, the new employee was sufficiently trained so that another employee was able to go from full-time to part-time status. These changes are the primary reasons for the overall decrease in payroll & employee benefits expenses in the current reporting period.

Commissions Expense – As noted in the above analysis of revenue, the customer mix can be volatile from year to year resulting in volatility of the commissions paid. The overall reduction in commissions expense in the current reporting period is due to the change in customer mix from the previous reporting period.

HBL GROUP

March 31, 2019

Balance Sheet - Key Figures

	Particulars		Figures as of the end of current reporting period		Figures as of the end of previous reporting period	$ Change	% Change
	ASSETS						
1	Non-Current Assets						
	a) Property, Plant and Equipment		55,703		72,601	(16,898)	-23%
	e) Other Intangible Assets		8,975		8,975	-	0%
	j) other non-current assets (security deposit)		9,869		9,869	-	0%
			74,547		91,445	(16,898)	-18%
2	Current Assets						
	a) Inventories		597,766		430,362	167,404	39%
	ii) Trade receivables		804,362		566,165	238,197	42%
	iii) Cash and cash equivalents		100,741		126,578	(25,837)	-20%
	vi) Others (to be specified)		22,867		26,029	(3,162)	-12%
	d) other current assets		2,121		9,014	(6,893)	-76%
			1,527,857		1,158,148	369,709	32%
	Total Assets		1,602,404		1,249,593	352,811	28%
	EQUITY AND LIABILITIES						
	Equity						
	a) Equity Share Capital		600,000		600,000	-	0%
	b) Other Equity		(1,553,155)		(1,582,026)	28,871	2%
			(953,155)		(982,026)	28,871	3%
	LIABILITIES						
1	Non-current Liabilities						
	i) Borrowings		143,238		195,510	(52,272)	-27%
	Total Non-Current Liabilities		143,238		195,510	(52,272)	-27%
2	Current Liabilities						
	i) Borrowings		52,348		50,779	1,569	3%
	ii) Trade Payables		2,231,990		1,864,051	367,939	20%
	iii) Other financial liabiliites (other than those specified in item (c), to be specified)		50,222		58,059	(7,837)	-13%
	b) Other Current liabilities		77,761		63,220	14,541	23%
	Total Current Liabilities		2,412,321		2,036,109	376,212	18%
	Total Equity and Liabilities		1,602,404		1,249,593	352,811	28%

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March 31, 2019

Comments

The following is a brief analytical review of the balance sheet to provide explanation of significant changes in figures reported for the current reporting period from figures reported in the previous reporting period.

Property & Equipment – The Company purchased approximately $898 in additions during the current reporting period. Decrease in property & equipment during the current reporting period was due to general annual depreciation allowance for the period of $17,796.

Prepaid Expenses & Other Assets – There is no significant variance in the balances in these accounts from the previous reporting period. Other intangible assets of $8,975 represents the cost of purchasing a private label program, similar to a trademark or logo.

Inventory – There was an overall increase in inventory of $167,404, or 39% in fiscal 2019. The Company increased its purchases of inventory from its parent company, and thus inventory levels increased. An analysis of inventory turns during the current reporting period indicated that inventory turned approximately 5 times. This was slightly higher than in the previous reporting period and is consistent with both the level of increase in revenue, and the increase in gross margin.

Trade Receivables – There was an overall increase in trade receivables of $238,197, or 42% in fiscal 2019. It was noted again in fiscal 2019 that although certain significant customers continue to have longer payment terms, the Company monitors the accounts closely and based upon experience does expect any significant credit losses to result from these extended terms.

Cash – There was a decrease in cash of $25,837, or -20%, in fiscal 2019. The cash balance ordinarily fluctuates from one reporting period to the next due to various operational factors. Cash is monitored and reconciled daily in order to ensure that the Company can meet its operating needs.

Other Assets - These assets represent short-term prepaid expenses, the largest being prepaid insurance. Other prepaid expenses include prepaid dues and subscriptions as well as prepaid medical (for employees). There were no significant variances in the balances in these accounts from the previous reporting period.

Other Current Assets – This balance represents expenses expected to be reimbursed by the parent company. The amount shown at the end of the current reporting period was confirmed on an inter-company confirmation. This amount does not represent trade receivables and as such has not been classified therein.

Equity – The equity increased due to the current year net income.

Borrowings – The total borrowings decreased by $50,703 due to principal payments on the existing note payable to the lender. There were no new borrowings noted during the current reporting period.

Trade Payables – Trade payables are comprised of the following amounts:

	Figures as of the end of current reporting period	Figures as of the end of previous reporting period	$ Change	% Change
Trade Payables	52,731	51,639	1,092	2%
Intercompany Payables	1,953,224	1,776,842	176,382	10%
Accrued Intercompany Payables	210,050	27,306	182,744	669%
Credit Card Payables	15,985	8,264	7,721	93%
Total	**2,231,990**	**1,864,051**	**367,939**	**20%**

As noted above, excluding intercompany accounts, trade payables have increased due to an increase in inventory vendor purchases in the current reporting period. Four employees maintain a credit card, which is used for travel expenses, trade shows, etc.

The intercompany balance continues to increase due to inventory purchases from the parent company. The Company has the intention of paying the parent company for these purchases once the Company is able to achieve and sustain profitability.

Other Financial Liabilities – Accrued expenses decreased modestly from the previous reporting period.

Other Current Liabilities – This account represents cash paid in advance from customers. The increase is due to the timing of payments from customers and is comprised primarily of three customers in both the current and previous reporting period.

Off-Balance Sheet Commitments – Contingencies

We are unaware of any off-balance sheet commitments.

ACCOUNTING AND AUDITING MATTERS

Revenue Recognition

- The Company recognizes revenues from sales when the product is shipped and title and risk of loss have transferred to the customer. Payments received in advance of revenue recognition are classified as liabilities on the balance sheet.
- In addition to our testing of accounts receivable, we performed analytical procedures related to revenue, and noted no findings.

Cash in Banks

- We viewed the third-party bank statement, tested the cash reconciliation at March 31, 2019 and noted no findings. The cash balance appears reasonable at March 31, 2019.

Accounts Receivable

- Through our selection of balances we tested 90% of accounts receivable via balance confirmation testing. We received all but two of the confirmations back from the customers, and performed alternate procedures, including subsequent receipts testing, on those balances where confirmations were not received. There were no findings noted.
- The Company monitors outstanding customer balances on a regular basis and evaluates the collectibility of outstanding receivables. As of March 31, 2019 the Company considers all of its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been established. We performed a review for doubtful accounts as of March 31, 2019 and noted no items at risk for non-collection.

Inventory

- Inventory is valued at the lower of cost, using an average costing method, or net realizable value.
- We attended the Company's physical inventory count on April 3, 2019. There was no movement of inventory items noted from March 31, 2019 to April 3, 2019. We performed "sheet to floor" counts and "floor to sheet" counts on seleted inventory items noting no findings. As the battaries have a shelf-life of several years, there were no obsolete inventory items noted.
- Using the physical inventory summary, we tested the clerical accuracy of the summary, agreed the balance to the general ledger, traced the test counts recorded during the physical inventory to the physical inventory summary, and noted no findings.
- We performed analytical procedures to the inventory and compared the results to both prior periods, and expected results. An analysis of inventory turns during the current reporting period indicated that inventory turned approximately 5 times. This was slightly higher than in the previous reporting period, yet is consistent with the level of increase in revenue, the increase in gross margin, and within expectations.

Accounts Payable / Accrued Expenses / Expenses

- We performed a search for unrecorded liabiities to establish proper expense cutoff and noted no findings. Expenses appear to be recorded in the proper reporting period.
- There were no findings noted during our review of accrued expenses.

Intercompany Accounts

- The Company reported intercompany balances of $2,121 DUE FROM the parent company and $2,163,274 PAYABLE TO the parent company at March 31, 2019. We confirmed the above intercompany account balances with the parent company and noted no findings.

Long Term Debt

- We reviewed the note payable to DECD, including the table of amortization, to ensure the balance and future obligations appeared reasonable and we performed an interest reasonableness test, noting no findings. Effective March 31, 2018, the interest rate increased from 2% to 3.2% as a result of the Company not attaining the job creation requirements stipulated in the State of Connecticut Department of Economic and Community Development promissory note agreement.

SUMMARY OF SIGNIFICANT RISKS IDENTIFIED

Management Override of Controls

- During the conduct of our audit, we did not note any override of accounting controls.

Segregation of Duties

- Due to the size of the Company, and few employees, there is limited segregation of duties. However, it appears that compensating controls exist.

Revenue

- The risk of improper transactions due to fraud and/or due to improper cut-off was considered. With reference to the explanatory material contained in the relevant area(s) of the preceding Accounting and Auditing Matters section, there were no findings noted.

Inventory

- The risk of improper cost of goods sold classification, improper cut-off and improper valuation was considered. With reference to the explanatory material contained in the relevant area(s) of the preceding Accounting and Auditing Matters section, there were no findings noted.

Accounts Payable / Expenses

- Completeness and cut-off risk were considered. With reference to the explanatory material contained in the relevant area(s) of the preceding Accounting and Auditing Matters section, there were no findings noted.

ISSUES RELATING TO FRAUD AND COMPLIANCE WITH LAWS AND REGULATIONS

As part of our audit we performed inquiries of key management personnel as well as other staff members of the Company who are directly or indirectly involved with financial reporting and the recording of finacial transactions. We note no matters addressed with Company personnel that indicate any known, suspected or alleged fraud or illegal acts. Our audit procedures did not bring light to any irregular transactions which we could include in such an assessment. In addition, we considered the following fraud risks during our audit procedures:

Specific items to look for which may indicate the potential for fraud are:

- Unsupported accounting transactions – none noted
- Unusual transactions or transactions conducted on unusual terms – none noted
- Items that are not consistent with expectations – none noted
- Management overrides – none noted
- Aggressive application of accounting standards – none noted
- Poor segregation of duties – The Company's structure does require substantially all financial reporting obligations with the President and his staff

Finally, we are not aware of any matters of non-compliance with laws or regulations by the Company that could have a material adverse impact on the Company.

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SUMMARY OF GOING CONCERN REVIEW INCLUDING CONCLUSION

Based on our audit results, including confirmed support from the parent company and evaluating the information and representations made to us by Company management, we do not consider the Company a going concern risk.

SUBSEQUENT EVENTS (Please see Section B-2)

Subsequent events assertion

Name(s) of Component(s):	HBL Amercia, Inc.
Reporting Currency:	USD
Year Ended:	March 31, 2019

We have performed, to the date of this memorandum, the attached Subsequent Events Review and other audit procedures covering transactions, operations and corporate (Board and Audit Committee) meeting minutes from the date of our conclusion and Final Summary Memorandum.

In the course of performing those procedures, no material subsequent events or transactions have come to our attention or adjustments have been discovered that should be considered by you, based on the component materiality, in reporting on the group financial statements of HBL Group for the year ended March 31, 2019. Additionally, the opinion expressed by us in the Auditor's Report requires no change or update as of today's date.

Partner in charge of the component engagement:

Signature: Dino P. Iavecchia, CPA Date: **June 13, 2019**

Name: **Iavecchia & Associates, CPA, LLC** Country/Office: **Rocky Hill, CT, USA**

RELATED PARTIES

We note that Company maintains transactions with its parent and we have identified all such intercompany accounts. We have confirmed with the parent company that such amounts agreed to the related party accounting records.

SIGNIFICANT MATTERS FOR COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE AND/OR MANAGEMENT OF THE GROUP

Significant Estimates

During our audit we noted no significant matters related to financial accounting and reporting estimates made by management.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected or Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. During our audit we noted no misstatements to communicate to mangement.

Disagreements with Management

A disagreement with management is a financial accounting, reporting or auditing matter whether or not resolved to our satisfaction, that could be significant to the financial statements of the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Consultations with other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting & auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all of the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We typically discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Company's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition of our retention.

OTHER MATTERS OF SIGNIFICANCE TO THE GROUP

Such matters may include but are not limited to the following:

- *Possible restatement for correction of an error affecting revenue, net income, or net equity*

  We did not note any possible restatements for correction of an error that would affect revenue, net income or equity.

- *Disagreements or differences in professional judgment among the engagement team members*

  We note no disagreements or differences in professional judgement among the engagement team members.

- *Matters relating to litigation and claims*

  We did not note any matters relating to litigation and claims.

SCOPE ASSESSMENT

Materiality for the engagement based on Group Instructions:

	PM:	TE:	SAD Posting
Year Ended: March 31, 2019	**USD $34,000**	**USD $25,500**	**USD $3,000**

HBL GROUP

March 31, 2019

The scope of our audit procedures performed and the evidence obtained was appropriate and sufficient to support our opinion, based on the materiality level established by you.

OVERALL EVALUATION OF MISSTATEMENTS

We noted no misstatements as a result of our audit procedures.

Overall conclusion reached in our evaluation of misstatements, including disclosure deficiencies:

The unadjusted misstatements, including disclosure deficiencies, are immaterial, based on the materiality level established by you. We believe that the reporting package is not materially misstated.

June 13, 2019

Rino P. Iavecchia, CPA

Iavecchia & Associates, CPA, LLC
Rocky Hill, CT, USA

SECTION-B

B-1 Representation letters

Please include following minimum points in your representation letter from component management and attach your Summary of identified misstatements to the representation letter. Your representation letter covers the period from April 1, 2019 till the date of signing of your Auditor's report.

The following are the minimum representation to be taken from component management:

- Availability of information
- Contingent liabilities
- Accounting estimates and related disclosures
- Litigations and claims
- Related parties
- Laws and regulations
- Subsequent events
- Fraud
- Going concern
- Uncorrected misstatements (being below materiality threshhold)
- Compliance of the provisions of Applicable Law, Regulations etc.
- Correct Opening balances

We confirm that we have obtained a Management Representation letter, which includes all of the representations indicated above, and we hereby provide the letter together with the reporting package.

B-2 Subsequent events procedures

You are required to perform subsequent events procedures i.e. significant events/adjustments post Balance Sheet date till the date of signing of Auditor's Report. The subsequent events procedures should include the following procedures:

- Whether there have been any business combinations, acquisitions of significant assets, disposals of significant assets, or extraordinary, unusual, or infrequently occurring transactions.
- Whether any significant contingent liabilities or commitmnts have arisen.
- Whether any significant changes have occurred in the status of items, including contingent liabilities and commitments that were accounted for on the basis of tentative, preliminary, or inconclusive data.
- Whether any significant unusual or non-recurring adjustments have been recorded.
- Whether there are any changes to existing litigation or new litigations
- Whether there are any changes in internal control or in the accounting systems.
- Read minutes of meetings – Board of Directors, Audit Committee or any other Committee of the Board

We have completed a Subsequent Events Review, which includes all of the procedures indicated above, and we hereby provide the review together with the reporting package.

SECTION C

Accounting Standard Developments

IFRS 15 and ASC 606, under US GAAP on Revenue from Contracts with Customers applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2018.

To align with the revised effective date, January 1, 2018, of IFRS 15, the Ministry of Corporate Affairs, Government of India, (MCA), on March 28, 2018, notified (again) Ind AS 115, Revenue from Contracts with Customers as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. With the Ind AS 115 effective for accounting periods beginning on or after April 1, 2018.

Differences between Ind AS 115 & IFRS 15

- As per paragraph of 15 of IFRS 15, an amount of consideration, among other things, can vary because of penalties. However, paragraph 51 of Ind AS 115 has been amended to exclude 'penalties' from the list of examples given in the paragraph 51 due to which an amount of consideration can vary. However, paragraph 51AA has been inserted to explain the accounting treatment of 'penalties'.
- Paragraph 109AA has been inserted to require an entity to present separately the amount of excise duty included in the revenue recognised in the statement of profit and loss.
- Paragraph 126AA has been inserted to present reconciliation of the amount of revenue recognised in the statement of profit and loss with the contracted price showing separately each of the adjustments made to the contract price specifying the nature and amount of each such adjustment separately.
- In Appendix C – Application Guidance, paragraph B20AA has been inserted to explain the accounting treatment in case of transfers of control of a product to a customer with an unconditional right of return.

Disclosure formats for Consolidation

a) In summary, the impact on the Company's retained earnings as at April 01, 2018 is as follows:	
Movement in retained earnings	**USD**
Retained earnings - (Opening as on April 01, 2018)	$ (1,582,026)
Re-measurement of contract asset (Fair value of consideration)	-
Re-statement of contract liability (Discounting of deferred liabilities)	-
Increase in deferred tax assets (Net)	-
Adjustment to retained earnings from adoption of IFRS 15/ASC 606	-

The Company has not had any transactions that would require adjustment under the provisions of IFRS 15. Therefore, no adjustment to opening retained earnings in Table a is necessary, and Tables b, c, d & e below are deemed not applicable.

b) Movement in impairment provisions

USD

Provision movement	2018-19			2017-18		
	Trade receivables	Contract assets	Contract Laibilites	Trade receivables	Contract assets	Contract Laibilites
Opening balance						
Add: Additions						
Less: Write off						
Less: Reversal						
Closing balance						

Note:

Trade receivables (unconditional right to consideration) such as Collectible Debts and others.

Contracts assets (conditional right to consideration) such as Unbilled revenue (Deferred Debts, Unbilled PVC), Valuation Adjustment (debit balance).

Contract liabilities (Advance received from customers, Valuation adjustment – credit balance).

c) Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major segment product and geographical regions:

Particulars	**Battery**		**Electronics**		**Total**
	Within India	**Outside India**	**Within India**	**Outside India**	
2018-19					**USD**
Revenue from customers					
Timing of revenue recognition					
(a) At a point in time (product/ services)					
(b) Over time (construction contracts)					
2017-18					
Revenue from customers					
Timing of revenue recognition					
(a)At a point in time (product/ services)					
(b)Over time (construction contracts)					

Particulars	2018-19		2017-18		
	Battery	Electronics	Battery	Electronics	
Revenue from customers				USD	
Railways					
Telecom					

(Any other category that may be significant can be added as a seperte line item)

d) Contract Balances

The following table provides information about trade receivables, contracts assets, and contract liabilities from contracts with customers.

USD

Particulars	As on March 31, 2019	As on March 31, 2018
Receivables		
Contract assets		
Contract liabilities		
Note : The above figures shall be net of provisions		

e) Contract revenue recognised	USD	
Particulars	**2018-19**	**2017-18**
Revenue recognised against contract liabilities (adjustment of customer advances and valuation adjustment during the year)		
Revenue recognised against performance obligation satisfied in previous year (impact due to change in contract revenue)		

HBL America, Inc.
Financial Reporting Package as of 3.31.19
Prepared by client

Purpose of the workbook:	The client prepared this Financial Reporting Package subsequent to audit adjustments proposed and agreed upon. Iavecchia & Associates, CPA, LLC agreed final audited balances reported by client to final audited trial balance.
Conclusion:	Balances reported by client appear materially correct.
Signature:	Dino P. Iavecchia, CPA
Firm Name:	**Iavecchia & Associates, CPA, LLC**

BALANCE SHEET

Name of Company: **HBL America, Inc.**
Balance Sheet as of: **March 31, 2019** **in US Dollars**

	Particulars	Note No	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	1	2	3	4
	ASSETS			
1	Non-Current Assets			
	a) Property, Plant and Equipment		55,703	72,601
	b) Capital - work-in-progress			
	c) Investment Property			
	d) Goodwill			
	e) Other Intangible Assets		8,975	8,975
	f) Intangible Assets under development			
	g) Biological Assets other bearer plants			
	h) Financial Assets			-
	i) Investments			
	ii) Trade receivablles			
	iii) Loans			
	iv) Others (to be specified)			
	i) Deferred tax assets (net)			
	j) other non-current assets (security deposit)		9,869	9,869
			74,547	91,445
2	Current Assets			
	a) Inventories		597,766	430,362
	b) Financial Assets			
	i) Investments			
	ii) Trade receivables		804,362	566,165
	iii) Cash and cash equivalents		100,741	126,578
	iv) Bank balances other than (iii) above			
	v) Loans			
	vi) Others (to be specified)		22,867	26,029
	c) Current Tax Assets (net)			
	d) other current assets		2,121	9,014
			1,527,857	1,158,148
	Total Assets		1,602,404	1,249,593
	EQUITY AND LIABILITIES			
	Equity			
	a) Equity Share Capital		600,000	600,000
	b) Other Equity		(1,553,155)	(1,582,026)
			(953,155)	(982,026)

	LIABILITIES			
1	Non-current Liabilities			
	a) Financial Liabilities			
	i) Borrowings		143,238	195,510
	ii) Trade Payables			
	iii) Other financial liabiliites (other than those specified in item (b), to be specified)			
	b) Provisions			
	c) Deferred Tax liabilities (net)			
	d) Other non-current liabilities			
	Total Non-Current Liabilities		143,238	195,510
2	Current Liabilities			
	a) Financial Liabilities			
	i) Borrowings		52,348	50,779
	ii) Trade Payables		2,231,990	1,864,051
	iii) Other financial liabiliites (other than those specified in item (c), to be specified)		50,222	58,059
	b) Other Current liabilities		77,761	63,220
	c) Provisions			
	d) Current Tax liabilities (net)			
	Total Current Liabilities		2,412,321	2,036,109
	Total Equity and Liabilities		1,602,404	1,249,593

STATEMENT OF PROFIT AND LOSS

Name of Company: **HBL America, Inc.**
For the Fiscal Year Ended: **March 31, 2019** **in US Dollars**

	Particulars	Note No	Figures for the current reporting period	Figures for the previous reporting period
I	Revenue from Operations		3,359,334	3,074,264
II	Other Income			
III	Total Income (I+II)		3,359,334	3,074,264
IV	**EXPENSES**			
	Cost of material consumed			
	Purchases of Stock-in-Trade		2,767,073	2,305,853
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		(167,404)	138,770
	Employee benefit expenses		437,158	472,843
	Finance costs		7,142	5,726
	Depreciation and amortisation expense		17,796	18,499
	Other Expenses		268,297	295,904
	Total Expenses (IV)		3,330,062	3,237,595
V	Profit/(loss) before exceptional items and tax (III-IV)		29,272	(163,331)
VI	Exceptional items			
VII	Proift/(loss) before tax (V-VI)		29,272	(163,331)
VIII	Tax Expense			
	1) Current tax		400	400
	2) Deferred tax			
			400	400
IX	Profit/(loss) for the period from continuing operations (V		28,872	(163,731)
X	Profit/(loss) from discontinued operations			
XI	Tax expense of discontinued operations			
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)			
XIII	Profit/(loss) for the period (IX+XII)		28,872	(163,731)
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss			

	(ii) Income tax relating to items that will not be reclassified to profit or loss		
	B (i) Items that will be reclassified to profit or loss		
	(ii) Income tax relating to items that will be reclassified to profit or loss		
		-	-
XV	Total Comprehensive income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)	28,872	(163,731)
XVI	Earnings per equity share (for continuing operation):		
	(1) Basic	0.05	(0.27)
	(2) Diluted	0.05	(0.27)
XVII	Earnings per equity share (for discontinued operation):		
	(1) Basic	-	-
	(2) Diluted	-	-
XVIII	Earnings per equity share (for discontinued and continuing operations):		
	(1) Basic	0.05	(0.27)
	(2) Diluted	0.05	(0.27)

Name of Company: **HBL America, Inc.**
Balance Sheet as of: **March 31, 2019**

MARK 'X' WHERE SCHEDULE IS PRESENT

BALANCE SHEET	IAS BS 1.0	X
FIXED ASSETS	2.0	X
INTANGIBLES	2.1	X
Construction in progress	2.2	N/A
Others (Long-term prepaid assets)	2.3	N/A
INVENTORIES	3.0	X
TRADE AND OTHER RECEIVABLES	4.0	X
CASH AND BANK BALANCES	5.0	X
INTERCOMPANY INDEBTEDNESS	6.0	X
Due to/from related companies	6.0	X
Due to/from associated companies	6.0	X
BORROWINGS	7.0	X
Bank Loans	7.1	N/A
Finance Leases	7.2	N/A
OTHER CREDITORS	8.0	X
TAXATION	9.0	X
CONTINGENT LIABILITIES	10.0	N/A
OPERATING LEASE COMMITMENTS	11.0	X
OTHER DISCLOSURES	12.0	X

PROPERTY PLANT & EQUIPMENT

Name of Company: HBL America, Inc.
For the Fiscal Year Ended: March 31, 2019

in US Dollars

	3/31/2018	Additions	Disposals	Transfers	3/31/2019
Assets:					
Fixed Assets:					
Computer Equipment	18,438				18,438
Leasehold Improvements	16,681				16,681
Machinery & Equipment	102,903				102,903
Furniture & Fixtures	13,828				13,828
Software	6,967	899			7,866
Capital Leases					
Total	158,817	-		-	159,716
A/D:					
Fixed Assets:					
Computer Equipment	(15,485)	(2,060)			(17,545)
Leasehold Improvements	(15,534)				(15,534)
Machinery & Equipment	(37,088)	(13,352)			(50,440)
Furniture & Fixtures	(10,749)	(2,384)			(13,134)
Software	(7,360)				(7,360)
Capital Leases					
Total	(86,216)	(17,796)		-	(104,013)
NET	**72,601**	-	-	-	**55,703**

>> *To IAS BS 1.0*

Explanatory notes:

Equipment and leasehold improvements are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 4 to 7 years. Cost and accumulated depreciation of assets sold or disposed of are removed from the respective accounts and any gain or loss is reflected in income. Major improvements and betterments are capitalized. Maintenance and repairs are charged against income in the year incurred.

INTANGIBLE ASSETS

Name of Company: **HBL America, Inc.**
As of Date: **March 31, 2019**

in US Dollars

	USEFUL LIFE (%)	Goodwill	PRE-OPERATING EXPENSES	DEFERRED DEVELOPMENT EXPENSES	OTHERS (Software)	OTHERS (Describe as appropriate)	TOTAL
Cost / Valuation							
Balance at 3/31/18	Indefiinite	-	-	-	-	8,975	8,975
Additions		-	-	-	-	-	-
Disposal		-	-	-	-	-	-
Balance at 3/31/19	Indefiinite	-	-	-	-	8,975	8,975
Amortisation							
Balance as at 3/31/17		-	-	-	-	-	-
Additions		-	-	-	-	-	-
Disposal		-	-	-	-	-	-
Balance as at 3/31/18		-	-	-	-	-	-
Net carrying value							
At beginning of year		-	-	-	-	8,975	8,975
At end of year		-	-	-	-	8,975	8,975

Explanatory notes:
The Company capitalized the cost of purchasing a private label program with its supplier. The value of the asset is evaluated annually to determine whether the amount reflected on the balance sheet as an asset has been impaired. No impairment has been reflected as of March 31, 2019 and 2018.

Name of Company: HBL America, Inc.
As of Date: March 31, 2019

in US Dollars

	Raw materials	WIP	Finished goods	Totals
	US$	US$	US$	US$
Stated at cost	-	-	597,766	597,766
Stated at NRV	-	-	-	-
				-
Gross	-	-	597,766	597,766
Provision	-	-	-	-
Net Inventory	-	-	597,766	597,766

Explanatory notes:
Inventory is valued at lower of cost, using an average costing method, or net realizable value. The inventory consists of batteries and accessories available for sale.

TRADE DEBTORS

Name of Company: HBL America, Inc.
As of Date: March 31, 2019

in US Dollars

TRADE DEBTORS	AMOUNT (US$)	Impairment (US$)	NET (US$)	%	REMARKS
External (no InterCompany)					
Not past due	741,211		741,211	92.1%	
Past due 0 - 30 days	49,746		49,746	6.2%	
Past due 31 - 60 days	146		146	0.0%	
Past due 61 - 90 days	80		80	0.0%	
More than 90 days	13,179		13,179	1.6%	
	804,362	-	804,362	100.0%	

Impairment movement:

Opening balance		(40,937)
Additions		-
Provision no longer required		-
Bad debts written off		40,937
Closing balance		-

Explanatory notes:
Accounts receivable represent trade receivables that result when the Company has invoiced a customer and the Company has not yet received payment. The Company presents accounts receivable net of an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments. The allowance for doubtful accounts is estimated based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are charged against the allowance (written-off) when substantially all collection efforts cease. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance being recognized in the period in which the change occurs. As of March 31, 2019 the Company considers all of its receivables to be fully collectible. Accordingly, no allowance for doubtful accounts has been established.

CASH IN BANKS

Name of Company: **HBL America, Inc.**
As of Date: **March 31, 2019**

in US Dollars

NAME OF BANKS	AMOUNT	REMARKS
	US$	
Short term deposits		
Cash in banks	100,741	
Cash and cash equivalents	100,741	
Less: Deposits pledged (if any, other than the restricted cash held in trust)	-	
Less: Restricted Cash	-	
Cash and cash equivalents	100,741	

Explanatory Notes:
The Company considers all cash accounts which are not subject to withdrawal restrictions or early withdrawal penalties, and all highly liquid debt instruments purchased with a maturity of three months or less, as cash and cash equivalents.

Concentration of Credit Risk – The Company maintains cash deposits in banks that at times exceed federally insured deposit limits. The Company has not suffered any losses as a result of this concentration, and believes their cash deposits are not subject to significant credit risk.

INTERCOMPANY INDEBTEDNESS

Name of Company: **HBL America, Inc.**
As of Date: **March 31, 2019**

in US Dollars

RELATED COMPANIES	DUE FROM (USD)	PROVISION (USD)	TOTAL (USD)	DUE TO (USD)	REMARKS
A/R Interco - HBLPSL	-	-	-	-	
Recapture Expense from HBLI	2,121	-	2,121	-	
Accounts Payable Interco	-	-	-	(1,953,224)	
Accrued Interco AP	-	-	-	(210,050)	
	2,121	-	2,121	(2,163,274)	

Reconciliation to Trade Payables		
Trade Payables		(52,731)
Credit Card Payable		(15,985)
	*Total Trade Payables	**(2,231,990)**

Explanatory Notes:
None.

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BORROWINGS

Name of Company: **HBL America, Inc.**
As of Date: **March 31, 2019**

in US Dollars

	DUE W/I 12 MTHS	DUE AFTER 12 MTHS	TOTAL	REMARKS
Borrowings				
DECD Note Payable	52,348	143,238	195,586	
Others - N/A	-	-	-	
Others - N/A	-	-	-	
Others - N/A	-	-	-	
	52,348	143,238	-	

Anticipated future minimum payments on the loan from the DECD, are as follows for the years ended March 31:

2020	52,348
2021	54,049
2022	55,804
2023	33,385
Total	195,586

Explanatory notes:

On August 23, 2012, the Company entered into a note agreement (the Note) with the State of Connecticut, Department of Economic and Community Development in the amount of $400,000. The Note bears an interest rate of 2%, however was increased to 3.2% for the month of March 2018 due to the Company's failure to meet employement requirements in the state of CT under the terms of the loan. The Note is paid down in equal monthly installments totaling $4,688, and matures on October 1, 2022. The Note is secured by the assets of the Company.

OTHER CREDITORS & ACCRUALS

Company Name: **HBL America, Inc.**
As of Date: **March 31, 2019**

in US Dollars

	AMOUNT (USD)	REMARKS
Accrued Professional Fees	14,056	
Accrued Payroll & Related Expenses	36,166	
Accrued AP	-	
	50,222	
Payable Due to Customers	77,761	
	127,983	

Explanatory Notes:
None.

DEFERRED TAXATION / TAX EXPENSE

Name of Company: **HBL America, Inc.**
For the Fiscal Year Ended: **March 31, 2019**

The major components of tax expense (income) consists of the following at March 31:

	2019	2018
Current tax expense	$ -	$ -
Deferred tax expense relating to the origination and reversal of temporary differences	$ -	$ -
Total	$ -	$ -

Reconciliation of effective tax rate:

The U.S. federal statutory income tax rate and the Company's effective income tax rate for the fiscal years ending March 31, 2019 and 2018 are as follows:

	2019	2018
U.S. federal statutory income tax rate	21%	34%
Effective income tax rate	0.0%	0.0%

Unrecognized deferred tax assets and liabilities:

Deferred tax assets and liabilities have not been recognized in respect of the following items at March 31:

	2019	2018
Intangible assets	$ -	$ -
Tax loss carryforwards	307,903	404,649
Allowance for doubtful accounts	-	-
Other assets	-	12,019
Total deferred tax assets	**$ 307,903**	**$ 416,668**
Deferred tax liabilities:		
Intangible Assets	$ -	$ 1,372
Property and equipment, net	$ -	$ 2,374
Total deferred tax liabilities	**$ -**	**$ 3,746**
Net unrecognized deferred tax assets	**$ 307,903**	**$ 412,922**

Explanatory notes:

The tax losses will expire in varying amounts through 2037. The deductible temporary differences do not expire under current tax legislation since they have not yet been converted to a tax attribute such as a tax loss or credit. The Company's net deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable income will be available to utilize the benefits therefrom.

In determining the amount of current and deferred expense, the Company takes into account the effect of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. The Company has no uncertain tax positions as of March 31, 2019 and 2018. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; and such changes may effect tax expense in the period that such a determination is made.

On December 22, 2017, the United States enacted the Tax Cuts and Jobs Act (the "Act"). The Act, which is also commonly referred to as "U.S. tax reform," significantly changes U.S. corporate income tax laws by, among other provisions, reducing the maximum U.S. corporate income tax rate from 35% to 21% starting in 2018. During the year ending March 31, 2018, the Company reduced its net deferred income tax asset by approximately $184,000 as a result of the re-measurement of its deferred tax assets and liabilities to the new lower statutory rate of 21%.

Name of Company: **HBL America, Inc.**
Fiscal Year Ended: **March 31, 2019**

Lease Commitment

The Company initially entered into an agreement to lease the premises beginning March 1, 2012 and ending June 30, 2017.

The Company recently entered into a second extension of the lease, under substantially the same terms, for and additional two (2) years, thus the lease expires June 30, 2020.

Origination Date:	3/1/2012
Expiration Date:	6/30/2020

	AMOUNT (USD) Curent Period	AMOUNT (USD) Prior Period
Rent Expense for Premises	100,287	94,184

Future Minimum Rent Payments:

FYE 3/31/2020	99,880
FYE 3/31/2021	24,970
	124,850

Name of Company: HBL America, Inc.
Fiscal Year Ended: March 31, 2019

OTHER DISCLOSURES

Use of Estimates

The preparation of financial statements on the accrual method of accounting can require management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclose of certain contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

Advertising Costs

Costs of advertising are expensed as incurred. Advertising expense was $648 for the year ended March 31, 2019 and $3,909 for the year ended March 31, 2018.

Foreign Currencies

Foreign currencies transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions, or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions denominated in the foreign currencies are recognized in the statements of operations and retained deficit.

Employee Benefit Plan

The Company established a 401(k) plan which covers employees meeting the plan participation requirements. The Company matches a portion of the employee's voluntary contributions up to a maximum of 4% of the employee's gross earnings. The Company's matching contribution for the years ended March 31, 2019 and 2018 was $14,931 and $14,262, respectively.