Uniparts USA Ltd. and Subsidiary

Consolidated Financial Statements
March 31, 2020 and March 31, 2019

KNAV P.A.

Certified Public Accountants
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CPA[SM]
America Counts on CPAs

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Independent auditor's report

Board of Directors
Uniparts USA Ltd. and Subsidiary

We have audited the accompanying consolidated financial statements of Uniparts USA Ltd. and Subsidiary (collectively 'the Company') which comprise the consolidated balance sheet as of March 31, 2020 and the related consolidated statements of income, stockholder's equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the consolidated financial position of Uniparts USA Ltd. and Subsidiary as of March 31, 2020 and the results of its consolidated operations and consolidated cash flows for the year then ended, in accordance with the accounting principles generally accepted in the United States.

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PARTNERS BEYOND BOUNDARIES

Other matter

The consolidated financial statements of the Company as of March 31, 2019 were audited by other auditor whose report, dated May 09, 2019, expressed an unmodified opinion on those consolidated financial statements.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KNAV P.A.

Atlanta, Georgia
July 30, 2020

KNAV P.A.
Certified Public Accountants
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Consolidated Financial Statements

Consolidated balance sheets

(All amounts in United States Dollars, except otherwise stated)	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	C	952,081	141,409
Accounts receivable, net	D	7,693,035	8,151,460
Inventories, net	E	25,564,462	28,223,877
Prepaid taxes		-	37,739
Prepaid expenses and other current assets		210,435	173,850
Other receivables	L	800,245	73,492
Total current assets		**35,220,258**	**36,801,827**
Property and equipment, net	F	2,645,046	3,388,365
Capitalized software costs	G	515,295	180,315
Other receivables, net of current portion		-	35,894
Goodwill		11,430,929	11,430,929
Total assets		**49,811,528**	**51,837,330**
LIABILITIES AND STOCKHOLDER'S EQUITY			
Current liabilities			
Lines of credit	I	7,850,944	12,880,532
Accounts payable		1,698,269	4,885,052
Due to related parties	R	6,071,094	2,880,510
Accrued expenses		1,943,884	1,137,052
Insurance claim recoveries in advance	L	653,558	-
Current portion of long-term debt	J	334,995	508,375
Provision for taxation		27,567	-
Total current liabilities		**18,580,311**	**22,291,521**
Long term liabilities			
Long-term debt, net of current portion	J	555,004	1,444,729
Deferred gain-leaseback	K	-	28,170
Deferred rent		73,488	-
Deferred income taxes	O	2,041,002	1,847,887
Total long-term liabilities		**2,669,494**	**3,320,786**
Stockholder's equity			
Convertible, callable preferred stock, $10 par value, 800,000 shares authorized, issued and outstanding	S	8,000,000	8,000,000
Common stock, $10 par value, 300,000 shares authorized; 2,000 shares issued and outstanding	S	20,000	20,000
Additional paid-in capital		8,995	-
Retained earnings		20,532,728	18,205,023
Total stockholder's equity		**28,561,723**	**26,225,023**
Total liabilities and stockholder's equity		**49,811,528**	**51,837,330**

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

Consolidated statements of income

(All amounts in United States Dollars, unless otherwise stated)

	Notes	For the year ended March 31, 2020	March 31, 2019
Revenues, net	N	67,070,522	79,389,004
Cost of goods sold		(58,907,902)	(68,378,672)
Gross profit		**8,162,620**	**11,010,332**
Selling, general and administrative expenses		5,441,080	5,617,355
Income from operations		**2,721,540**	**5,392,977**
Other income (expense)			
Fire related expenses	L	(3,079,604)	-
Insurance claim recoveries	L	3,269,314	-
Interest expense	I	(577,907)	(622,929)
Gain on sale of property and equipment	F	879,535	-
Amortization of gain on sale and leaseback		28,170	67,593
Total other income (expense)		**519,508**	**(555,336)**
Income before income tax expense		**3,241,048**	**4,837,641**
Income tax expense			
Current income tax expense	O	720,228	1,245,915
Deferred tax expense	O	193,115	157,938
Total income tax expense		**913,343**	**1,403,853**
Net income for the year		**2,327,705**	**3,433,788**

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

Consolidated statements of stockholder's equity
For the years ended March 31, 2020 and March 31, 2019

(All amounts in United States Dollars, except number of shares)

Particulars	Convertible, callable preferred stock		Common stock		Additional paid- in capital	Retained earnings	Total stockholder's equity
	Shares	Value ($)	Shares	Value ($)			
Balance as at March 31, 2018	**800,000**	**8,000,000**	**2,000**	**20,000**	**-**	**14,771,235**	**22,791,235**
Net income for the year	-	-	-	-	-	3,433,788	3,433,788
Balance as at March 31, 2019	**800,000**	**8,000,000**	**2,000**	**20,000**	**-**	**18,205,023**	**26,225,023**
Net income for the year	-	-	-	-	-	2,327,705	2,327,705
Employee stock options	-	-	-	-	8,995	-	8,995
Balance as at March 31, 2020	**800,000**	**8,000,000**	**2,000**	**20,000**	**8,995**	**20,532,728**	**28,561,723**

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

Consolidated statements of cash flows

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2020	**March 31, 2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	**2,327,705**	**3,433,788**
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation and amortization	533,894	472,955
Provision for employee stock options	8,995	-
Provision for slow moving inventory	300,000	-
Deferred income tax expense	193,115	157,938
Amortization of gain on sale and leaseback	(28,170)	(67,593)
Insurance claim recovery for property and equipment	(43,966)	-
Gain on sale of property and equipment	(879,535)	-
Changes in operating assets and liabilities, net		
Accounts receivable	458,425	(2,975,158)
Inventories	2,359,415	(4,343,680)
Prepaid taxes	37,739	376,360
Prepaid expenses and other current assets	(7,028)	(51,680)
Other receivables	(690,858)	85,999
Accounts payable	(3,186,783)	1,252,924
Accrued expenses	834,398	132,158
Insurance claim recoveries in advance	203,558	-
Due to related parties	3,190,584	(65,426)
Deferred rent and deferred gain on sale and leaseback	73,488	(187,637)
Net cash provided by (used in) operating activities	**5,684,976**	**(1,779,052)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of property	1,763,976	-
Purchase of property and equipment	(888,214)	(334,290)
Acquisition of capitalized software	(151,341)	(48,910)
Insurance claim recovery for property and equipment	493,966	-
Net cash provided by (used in) investing activities	**1,218,387**	**(383,200)**
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment of) proceeds from lines of credit, net	(5,029,588)	2,032,720
Proceeds from debt	-	1,291
Repayment of debt	(1,063,103)	(379,191)
Net cash (used in) provided by financing activities	**(6,092,691)**	**1,654,820**
Net changes in cash and cash equivalents	**810,672**	**(507,432)**
Cash and cash equivalents at beginning of the year	141,409	648,841
Cash and cash equivalents at the end of the year	**952,081**	**141,409**

SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid for interest	609,505	622,929
Cash paid for income taxes	584,327	873,298
SUPPLEMENTARY DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Equipment acquired through capital expenditures debt facilities	-	498,955
Conversion of capital expenditures debt facility to note payable	-	758,163
Acquisition of capitalized software	230,484	131,405

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

Notes to consolidated financial statements

(All amounts in United State Dollars, unless otherwise stated)

NOTE A – ORGANIZATION AND NATURE OF OPERATIONS

The operations of Uniparts USA Ltd. and its Subsidiary, Uniparts Olsen Inc. (collectively the "Company") consist of the machining of metal parts and components as well as the purchasing of machine parts from related party and third-party vendors for resale. The Company sells its products primarily to agricultural and construction equipment manufacturers in the United States on credit terms the Company establishes with each customer.

Uniparts USA Ltd. is a wholly owned subsidiary of Uniparts India Limited (the "Ultimate Parent").

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying consolidated financial statements are as follows:

(a) Basis of preparation

i. The accompanying consolidated financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the consolidated financial position, consolidated results of operations and consolidated cash flows of the Company and its Subsidiary.

ii. The consolidated financial statements are for the years April 01, 2019 to March 31, 2020 and April 01, 2018 to March 31, 2019.

iii. Unless otherwise specifically noted, all amounts in these consolidated financial statements are in United States Dollars, except number of shares.

(b) Principles of consolidation

The consolidated financial statements include the accounts of Uniparts USA Ltd. (the "Parent") and its wholly owned subsidiary, Uniparts Olsen Inc. (the "Subsidiary"). All significant intercompany accounts and transactions have been eliminated.

(c) Use of estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used in determining, among other items, accounts receivable allowances, inventory valuation (which includes allowance for obsolescence and standard labor and overhead rates capitalized in inventory), goodwill impairment, medical insurance accruals, useful lives of tangible and intangible assets, provisions for warranty costs and deferred income taxes. Actual results could differ from those estimates.

(d) Cash and cash equivalents

The Company considers all highly liquid investments purchased with maturities of three months or less at the time of acquisition to be cash equivalents for consolidated financial statement purposes. Cash and cash equivalents comprise of cash in hand, check in transit and balance with banks.

(e) Accounts receivable

Accounts receivable are non-interest-bearing, customer obligations due under normal trade terms, usually within 30 days of services provided. Customer account balances with invoices dated over 90 days are considered delinquent. The Company applies collections of accounts receivable to specific invoices in accordance with customer specifications, or if unspecified, to the oldest outstanding invoices.

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections, and current credit conditions. The Company will turn an account over for collection or write balances off as uncollectible based on the facts and circumstances of each situation. As of March 31, 2020, and March 31, 2019, the allowance for doubtful accounts amounted to $55,000 and $75,000, respectively.

(f) Inventories

Inventories, which consist primarily of construction, agricultural and forestry equipment parts and supplies, are stated at the lower of cost or net realizable value and are net of an allowance for obsolescence. Cost is determined using the average cost method and items are relieved from inventory on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(g) Property and equipment

Property and equipment are carried at cost less accumulated depreciation. Leasehold improvements are amortized over the shorter of the term of the lease or the life of the assets. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets as follows:

Shop equipment	3-25 years
Office equipment	3-7 years
Computer equipment	3-5 years
Furniture and fixtures	7 years
Vehicle	5 years
Building	5-39 years
Software	3-5 years

Expenditures for maintenance and repairs are charged to expense as incurred.

(h) Capitalized software cost

The Subsidiary has developed an integrated software system and associated costs have been capitalized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350 "Intangibles - Goodwill and Other." Upon implementation of the system, the costs is amortized over a period of three years.

(i) Goodwill

The Company adopted the accounting pronouncement which permits management to evaluate goodwill when internal and external factors exist which indicate that the book value of goodwill could be impaired. Prior to adoption of the accounting pronouncement relating to goodwill, the Company recorded accumulated amortization of goodwill of $1,567,464. Management has determined that no impairment analysis was required and believes goodwill is not impaired as of March 31, 2020 and March 31, 2019.

(j) Valuation of long-lived assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these consolidated financial statements.

(k) Fair value of financial instruments

The carrying value of financial instruments including cash, accounts receivable and accounts payable approximates fair value due to the short maturity of these instruments. The carrying amounts of long-term debt approximate fair value as the interest rates used approximate current interest rates available.

(l) Warranties

Provisions for warranty costs are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Company's obligation, net of warranties provided by suppliers.

(m) Revenue recognition

Effective April 01, 2019, the Company has adopted FASB issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). Revenue is recognized upon transfer of control of products or services promised to customers in an amount that reflects the consideration the Company expects to receive in exchange for these products or services. The Company adopted modified-retrospective approach for adoption of Accounting Standards Codification ("ASC") 606 and the provisions did not have a material impact on the Company's consolidated financial statements, although the consolidated financial statement presentation and disclosures have changed. Please refer to Note N "Revenue from Contracts with Customers" for further information on the Company's revenue.

The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognized when obligations under the terms of a contract with a customer are satisfied; generally, this occurs with the transfer of control of the Company's products or services. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods or providing services. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the contract. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Revenues related to sale of products is recognized at a point in time when control of the asset is transferred to the customer based on an overall assessment of the existence of a right to payment, the allocation of ownership rights, the transfer of physical possession, the transfer of control, and acceptance by the customer. In case of product sales undertaken by the Company, sales are recognized when control of the products has transferred, being when the products are either picked up by customer or shipped from the warehouse, as agreed in the contract, the entity has right to payment and has transferred legal title to a customer. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated trade discounts, rebates and allowances.

(n) Shipping and handling cost

The Company classifies freight billed to customers as sales revenue, which is generally included in the list price to the customer. Freight costs are considered as fulfilment cost and recorded as a cost of product revenue. The Company does not consider shipping to be a separate performance obligation.

(o) Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the consolidated financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes result primarily from temporary differences related to accounts receivable, inventory, net property and equipment, net goodwill, accrued expenses and deferred rent for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax expense or benefit is recognized as a result of the change in the deferred tax assets or liabilities during the year.

The Company files consolidated tax returns in the U.S. federal jurisdiction as well as various states. Furthermore, the Company has no income tax related penalties or interest for the periods reported in these consolidated financial statements.

The Company has not recognized any uncertain tax positions in the consolidated financial statements as at March 31, 2020 and March 31, 2019.

(p) Operating leases

Lease rent expenses on operating leases are charged to expense over the lease term. Rent expense for such leases is recognized on a straight-line basis over the lease term.

(q) Stock based compensation to employees

The Company accounts for stock-based compensation expense relating to equity stock options that will be settled in shares of Uniparts India Limited, ultimate parent company. The Company computes the fair value of options granted using Black Scholes option pricing model. An amount equal to such compensation expense for the year is credited to additional paid-in capital of the Company.

The Company has used guidance in ASC 718; "Compensation-Stock Compensation" to account for employee share-based payments. ASC 718 requires share-based payments to employees, including grants of employee stock options and purchases under employee stock purchase plans, to be recognized in consolidated statements of income based on their fair values.

In accordance with ASC 718, the Company recognized stock-based compensation for awards granted by the ultimate parent company, that are expected to vest on a straight-line basis over the requisite service period of the awards. In respect of awards that have a graded vesting schedule and with only service conditions, compensation cost is recognized on straight line basis over the requisite service period for each separately vesting portion of the award as if the award was-in-substance, multiple awards. In determining whether an award is expected to vest, the Company uses an estimated forfeiture rate based on historical rates. The estimated forfeiture rate is updated for actual forfeitures annually.

(r) *Retirement benefits to employees*

Contributions to defined contribution plans are charged to consolidated statements of income in the period in which they accrue.

(s) *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

(t) *Insurance recoveries*

A potential insurance recovery is evaluated and accounted for separately from the related loss and does not affect the recorded amount of the loss. An asset relating to an insurance recovery is recognized only when realization of the claim is deemed probable, and only to the extent of the related loss recognized in the consolidated financial statements. Any amount expected to be recovered in excess of the recognized loss, which will result in a gain, is not recognized until any contingencies relating to the insurance claim have been resolved. A contingent gain is not recognized until realized. The recovery of a loss is generally considered probable if there is a legally enforceable contract that stipulates the terms of the insurance coverage and the terms are not in dispute.

NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at	
	March 31, 2020	**March 31, 2019**
Cash in hand	138	-
Check in transit*	740,533	-
Balances with banks in checking accounts	211,410	141,409
Total	**952,081**	**141,409**

Cash balances with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000 (March 31, 2019: $250,000).

*Check in transit includes the check issued by the insurance company pursuant to fire related claims (Refer Note L); but not received and deposited by the Company as of March 31, 2020.

NOTE D- ACCOUNTS RECEIVABLE

The Company's accounts receivable primarily relate to sale of goods to outside customers. Accounts receivable comprise the following:

	As at	
	March 31, 2020	**March 31, 2019**
Receivable from customers	7,748,035	8,226,460
Less: Allowance for doubtful accounts	(55,000)	(75,000)
Accounts receivable, net	**7,693,035**	**8,151,460**

All the account receivable of the Company are collateralized as security against the line of credit (Refer Note I).

NOTE E - INVENTORIES

The composition of inventories as of March 31, 2020 is as follows:

	Total	Obsolescence allowance	Net amount
Raw materials	2,472,838	-	2,472,838
Work-in-progress	1,362,396	(100,000)	1,262,396
Finished goods	20,949,260	(600,000)	20,349,260
Supplies	1,479,968	-	1,479,968
Total	**26,264,462**	**(700,000)**	**25,564,462**

The composition of inventories as of March 31, 2019 is as follows:

	Total	Obsolescence allowance	Net Amount
Raw materials	5,220,989	-	5,220,989
Work-in-progress	1,604,049	(100,000)	1,504,049
Finished goods	20,060,462	(300,000)	19,760,462
Supplies	1,738,377	-	1,738,377
Total	**28,623,877**	**(400,000)**	**28,223,877**

All the inventories of the Company are collateralized as security against the line of credit (Refer Note I).

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	As at	
	March 31, 2020	March 31, 2019
Leasehold improvements	212,267	212,267
Shop equipment	12,680,720	12,327,219
Office equipment	885,515	815,714
Computer equipment	265,173	136,867
Software	7,860	7,860
Furniture & fixtures	33,538	33,538
Building*	-	779,499
Land*	-	327,609
Vehicles	344,636	340,060
Property and equipment, gross**	**14,429,709**	**14,980,633**
Less: Accumulated depreciation	(11,784,663)	(11,592,268)
Property and equipment, net	**2,645,046**	**3,388,365**

Total depreciation and amortization expense for the years ended March 31, 2020 and March 31, 2019 was $533,894 and $472,955, respectively.

*During the year, the Company moved its operating activities to a new location. The Company sold land and building at its earlier operating facility vide bill of sale dated March 24, 2020 for a net amount of $1,755,976 (gross amount of $1,836,100 less selling expenses amounting to $80,124). Gain on sale of such property amounting to $871,535 has been recorded as other income in the consolidated statement of income. The sale proceeds were used to repay the bank term loan with an outstanding balance of $583,548.

*During the year, the Company sold a vehicle for an amount of $8,000. Gain on sale of such vehicle amounting to $8,000 has been recorded as other income in the consolidated statement of income.

**Property and equipment include capital work in progress amounting to $339,440 as at March 31, 2020 and $535,708 as at March 31, 2019.

All the property and equipment of the Company are collateralized as security against the line of credit (Refer Note I).

NOTE G – CAPITALIZED SOFTWARE COSTS

Information regarding the Company's other intangible assets acquired either individually, or with a group of other assets is as follows:

		As at March 31, 2020		
	Useful life	Gross carrying amount	Accumulated amortization	Net carrying amount
Definite life intangibles				
Software	3	562,160	(46,845)	515,295
Total		**562,160**	**(46,845)**	**515,295**

The Company's estimated annual amortization expense in future years for the intangible assets is as follows:

Year ending March 31,	Total
2021	187,380
2022	187,380
2023	140,535
Total	**515,295**

During the year ended March 31, 2020, the Subsidiary incurred $381,825 (March 31, 2019: $180,315) of expenses related to software and implementation of a new ERP system - BAAN. The ERP software has been completed and capitalized during the current year. The ERP system was in the process of implementation as of the March 31, 2019 and amortization of the capitalized cost did not begin as of March 31, 2019. The amortization cost is $46,845 and $Nil for the years ended March 31, 2020 and March 31, 2019, respectively. A portion of the costs related to the software was incurred by the Company's ultimate parent, Uniparts India Limited, and was included in due to related parties (refer Note R) on the consolidated balance sheets as of March 31, 2020 and March 31, 2019.

NOTE H – RISK CONCENTRATIONS

Credit risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of trade accounts receivable.

For the year ended March 31, 2020 and March 31, 2019, the Company's two largest customers accounted for approximately 78% and 73% of revenues, respectively. Three customers accounted for approximately 85% and 76% of net accounts receivable as of March 31, 2020 and March 31, 2019, respectively. Generally, the Company does not obtain security from its customers in support of accounts receivable. Potential losses from concentrations of credit risk with respect to trade accounts receivable are considered to be limited due to the Company's ongoing credit evaluation of its customers.

Foreign risk

The Company purchases a significant amount of materials from affiliates located in India. This source of materials may be subject to unpredictable changes and delays due to legal, political, and climate conditions. See Note R – "Related Party Transactions" for further information.

Economic and political risk

The United States government has called for substantial changes to its trade policy and, in certain instances, has enacted and assessed tariffs on specific products imported from certain foreign countries: conversely, certain foreign countries have enacted tariffs on specific products exported by U.S. based companies.

The results of discussions and negotiations among these affected countries is subject to a number of factors and the magnitude of the impact on the Company cannot be predicted with any degree of certainty. Changes in international trade agreements, regulations, restrictions, and tariffs may increase the Company's operating costs and make it more difficult to compete in the U.S. markets: as a result, its business, demand for products, financial condition and results of operations couid be adversely impacted. The Company is actively monitoring the status of these discussions and market reactions.

In view of the unprecedented COVID-19 pandemic and economic forecasts, the management has assessed the recoverability of its assets including receivables & inventories. In such assessment, the Company has considered internal and external information up to the date of approval of these consolidated financial statements including economic forecasts. The Company has performed analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these consolidated financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

NOTE I – LINE OF CREDIT

Lines of credit

In March 2019, the Subsidiary renewed its revolving line of credit to extend the term of the credit line to March 31, 2020. Additionally, the Subsidiary must pay a non-usage fee on the average daily unused portion of the facility at a rate of 0.25% per annum, payable in arrears within thirty days of the end of each calendar month for which the fee is due. The line of credit has a variable interest rate calculated as a "floating rate" which is a "base rate" determined by LIBOR plus a variable "margin rate" based on the utilization of the credit line. The average interest rate for the years ended March 31, 2020 and 2019 was approximately 4.35% and 4.49%, respectively. The credit line is collateralized by substantially all assets of the Subsidiary and cross-collateralized with a term loan at the bank. This line of credit is secured by a corporate guarantee by the Parent.

The Subsidiary has drawn down $4,800,944 and $6,930,532 on the line of credit as of March 31, 2020 and March 31, 2019, respectively. Interest expense relating to this credit line was $268,804 and $292,850 for the years ended March 31, 2020 and March 31, 2019, respectively.

In March 2019, the Parent renewed its revolving line of credit arrangement of $7,500,000 till March 31, 2020. Additionally, the Parent must pay a non-usage fee on the average daily unused portion of the facility at a rate of 0.25% per annum, payable in arrears within thirty days of the end of each calendar month for which the fee is due. The line of credit has a variable interest rate calculated as a "floating rate" which is a "base rate" determined by LIBOR plus a variable "margin rate" based on the utilization of the line. The average interest rate for the years ended

March 31, 2020 and 2019 was approximately 4.36% and 4.48%, respectively. The line is collateralized by substantially all assets of the Parent, cross-collateralized with a term loan at the bank. The Subsidiary has guaranteed the financial performance of the Parent's liabilities as this institution.

The Parent has the drawn balances of $3,050,000 and $5,950,000 as of March 31, 2020 and 2019. Interest expense relating to this line was $247,869 and $259,665 for the years ended March 31, 2020 and 2019, respectively.

NOTE J – NOTES PAYABLE

The Subsidiary has a $1,000,000 capital expenditures non-revolving note facility draw down availability ("capex line of credit") that expires on March 24, 2024. The interest rate that is due monthly is 2.0% plus an adjusted LIBOR. The balance as of each March 24 (unless modified with the bank) will be amortized over a 60-month period. All interest and principal are payable in full at the end of the 60-month term. In March 2019, the agreement was modified to extend the expiration date to March 31, 2025. The capex line of credit has $Nil and $Nil drawn down under the availability amount as of March 31, 2020 and 2019, respectively, resulting in $1,000,000 and $1,000,000 of availability under the current facility as of March 31, 2020 and 2019, respectively. The debt is collateralized by substantially all assets of the Subsidiary. The loan is also secured by a corporate guarantee by the Parent. There are four notes that were converted to term loans under the agreement that have varying monthly installments and maturity dates included in the following table.

	As at	
	March 31, 2020	**March 31, 2019**
Uniparts USA Ltd.		
Bank loan payable, due in monthly principal installments of $6,000 through March 24, 2021. Interest is charged at a rate of 2.25% plus an adjusted LIBOR. The debt is collateralized by substantially all assets of the Company and a corporate guarantee by the Subsidiary.	-	654,000
Note payable to bank, interest at 5.29%, with fixed monthly payments of $786, including interest, through June of 2021, collateralized by equipment.	11,385	19,967
Note payable to bank, interest at 3.99%, with fixed monthly payments of $138, including interest, through April of 2024, collateralized by equipment	6,235	-
Uniparts Olsen Inc.		
Note payable of $517,500 due in monthly installments of $8,625 bearing interest at 4.85% through March 2020	8,625	112,125
Note payable of $445,928 due in monthly installments of $7,432 bearing interest at 4.85% through March 2021	89,186	177,371
Note payable of $375,156 due in monthly installments of $6,256 bearing interest at 4.85% through April 2022	156,403	231,477
Note payable of $758,163 due in monthly installments of $12,636 bearing interest at 4.49% through April 2024	618,165	758,164
Less: current portion	(334,995)	(508,375)
Long-term debt, net of current portion	**555,004**	**1,444,729**

The sale proceeds from the sale of land and building were used to repay the bank term loan with an outstanding balance of $583,548 (Refer Note F – Property and equipment).

In connection with the line of credit, the Company is subject to certain restrictive and financial covenants, including limitations on additional borrowing, minimum fixed charge coverage ratio requirements, and maximum funded debt to EBITDA ratio requirements. Additionally, the Company may not redeem any of its equity interests or return any contribution to an owner other than stock dividends.

Future annual maturities of the long-term debt:

Year ending March 31:	
2021	334,995
2022	230,534
2023	159,444
2024	153,249
2025	11,777
Total	**889,999**

NOTE K – SALE AND LEASEBACK

In March 2002, Olsen Engineering, LP (predecessor to the Subsidiary) sold its operating facilities to Pin House, LLC resulting in a loss of $648,827 to be recognized over the life of the lease in accordance with generally accepted accounting principles. The owners of Pin House, LLC owned approximately 87% of Olsen Holding, LP, the former 99% limited partner of Olsen Engineering, LP. These facilities were then leased back to the Subsidiary. The accumulated loss recognized through March 2007 was $241,537. The remaining deferred loss of $407,290 will be recognized over the remaining lease period.

In August 2004, Pin House, LLC sold the operating facilities to a third party resulting in a gain of $1,505,930. In accordance with generally accepted accounting principles, the gain on the sale and leaseback is recognized over the fifteen-year lease period. The accumulated gain recognized through March 2007 was $259,354 for Pin House, LLC. The remaining deferred gain of $1,246,576 is being recognized over the remaining lease period.

The March 31, 2007 combined financial statements reported the deferred gain of $1,246,576 from the sale and leaseback under Pin House. The current year consolidated financial statements of the Company reflect the reporting of the Pin House deferred gain. In addition, the deferred loss of $407,290 as of March 31, 2007 has been recorded as a reduction of the deferred gain. The net deferred gain of $839,286 is being amortized by the Company over the remaining twelve-year lease term. The gain recognized during the year ended March 31, 2020 and March 31, 2019 is $28,170 and $67,593, respectively. The unrecognized deferred gain with respect to this transaction is $Nil and $28,170 as of March 31, 2020 and March 31, 2019, respectively.

NOTE L – FIRE RELATED EXPENSES AND INSURANCE CLAIM RECOVERIES

In October 2019, the Subsidiary had an incident of fire in the plant and suffered property damages. Since the claim process is still ongoing as of March 31, 2020, the Subsidiary has recognized the claim to the extent it has been approved by the insurance company and related expenses have been incurred.

During the year ended March 31, 2020, the Subsidiary incurred expenses related to fire amounting to $3,079,604 and has recognized insurance claim recoveries amounting to $3,269,314. As at March 31, 2020, the Subsidiary has receivables for insurance claim amounting to $800,245 and advance insurance claim recovery amounting to $653,558. In addition, the Subsidiary is working with insurance carriers on possible recovery of certain losses and costs for which no insurance recoveries have been recognized.

NOTE M – COMMITMENTS AND CONTINGENCIES

Lease obligations

The Company has various operating equipment leases and three building leases as of March 31, 2020. Total lease expense was approximately $1,101,645 and $767,000 for the years ended March 31, 2020 and March 31, 2019, respectively. Under the terms of the building lease, the Subsidiary is responsible for all repairs, maintenance, insurance, real estate taxes and utilities on its respective lease. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of March 31, 2020.

Year ending March 31

	Equipment	Building	Vehicle	Total
2021	22,483	609,238	46,464	678,185
2022	777	611,348	46,464	658,589
2023	-	621,898	46,464	668,362
2024	-	436,292	42,260	478,552
2025	-	383,161	7,080	390,241
Thereafter	-	1,913,749	-	1,913,749
Total	**23,260**	**4,575,686**	**188,732**	**4,787,678**

The Subsidiary has a standby letter of credit for $127,500 with a bank, at March 31, 2019, to secure the lease for the building. The letter of credit is secured by all assets of the Subsidiary and a guarantee by the Parent. As of March 31, 2020, the standby letter of credit has been revoked by the bank.

The Parent utilizes a warehouse to manage and store its finished goods. The warehouse agreement was signed on May 31, 2018 and expires on June 30, 2023. The Parent pays rentals of $20,662 per month (including fence fees of $622 per month) (March 31, 2019: $12,978) for the full five-year term.

Contingencies

During the year ended March 31, 2015, a major customer (the "Customer") of the Subsidiary informed the Subsidiary of a warranty claim issue relating to a specific part supplied by the Subsidiary that was not properly heat treated and thus allegedly caused defects in the assembly ultimately sold by the Customer to its end users. Although the Customer had been aware of claims arising from this product for nearly one year, the Subsidiary was first notified of a potential claim in August of 2014, the amount of which was then unknown. Based upon the data provided to the Subsidiary by the Customer in 2015, the Customer experienced the majority of claims relating to this item in 2012 and 2013. In 2016, the Subsidiary settled this claim for $1,680,000 and recorded a liability for the full amount in accrued expenses. The Subsidiary outsourced this specific part for heat treating and the Subsidiary expects to be reimbursed $425,000 by its vendor. As of March 31, 2020, and March 31, 2019, the receivable from the vendor was approximately $Nil and $108,000, respectively.

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NOTE N - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table presents revenue disaggregated by product line:

	For the year ended	
	March 31, 2020	March 31, 2019
Revenue from sale of goods	67,070,522	79,389,004
Total	**67,070,522**	**79,389,004**

The following table presents revenue disaggregated by timing of recognition:

	For the year ended March 31, 2020
At a point in time	67,070,522
Total	**67,070,522**

Contract balances

The Company's contracts with customers typically consist of sale of products which represent performance obligations that are satisfied upon transfer of control of the product to the customer at a point in time. The Company adopted the new revenue recognition standard using the modified retrospective transition approach and determined that the existing revenue recognition practices comply with ASC 606. Accordingly, there was no cumulative effect adjustment to the opening balance of retained earnings in the consolidated balance sheet as at March 31, 2020, as the adoption did not result in a change to the timing of revenue recognition.

	As at March 31, 2020
Accounts receivable	7,693,035
	7,693,035

NOTE O – INCOME TAXES

For the years ended March 31, 2020 and March 31, 2019, the Company will file federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The provision for income tax expense is as follows:

	Year ended	
	March 31, 2020	March 31, 2019
Federal		
Current	532,533	780,653
Deferred	196,756	33,896
State		
Current	187,695	465,262
Deferred	(3,641)	124,042
Total	**913,343**	**1,403,853**

The following is the summary of items giving rise to deferred tax assets and deferred tax liabilities.

	As at	
	March 31, 2020	**March 31, 2019**
Deferred tax assets		
Accrued expenses	150,308	157,575
Allowance for doubtful accounts	13,870	19,388
Deferred gain sale and leaseback	-	7,283
Deferred rent	18,534	-
Inventory	319,930	283,908
Total	502,644	468,154
Less: Valuation allowance	-	-
Deferred tax assets, net	**502,644**	**468,154**
Deferred tax liability		
Property and equipment	(777,089)	(510,669)
Goodwill	(1,742,613)	(1,786,187)
Prepaid expenses	(23,942)	(19,185)
Deferred tax liability	**(2,543,644)**	**(2,316,041)**
Deferred liability, net	**(2,041,002)**	**(1,847,887)**

Accounting for uncertain tax positions

The Company recognizes the consolidated financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years of 2016 through 2018 remain subject to examination by the taxing authorities.

NOTE P – EMPLOYEE BENEFITS

The Company has a defined contribution plan ("the Plan") under Section 401(k) of the Internal Revenue Code which covers substantially all regular full-time employees who have attained the defined age and service requirements.

The Plan provides for employee and discretionary employer matching contributions. Employer contributions to the Plan approximated $99,366 and $103,000 for the years ended March 31, 2020 and March 31, 2019, respectively.

The Subsidiary has elected to be self-insured for its group health and dental plan which covers all employees and their immediate families up to a maximum annual claim of $80,000 per individual with an aggregate annual ceiling of approximately $1,200,000. Insurance coverage has been obtained for claims in excess of these levels. The amount of expenses relating to the Plan approximated $839,759 and $837,000 for the years ended March 31, 2020 and March 31, 2019, respectively. Claims incurred but not reported for which the Subsidiary is liable were approximately $85,000 and $152,000 as of March 31, 2020 and March 31, 2019, respectively. Incurred but not reported claims are included in accrued expenses in the accompanying consolidated balance sheets.
Similarly, expenses incurred by the Parent relating to the group health and dental plan approximated $173,982 and $161,391 for the years ended March 31, 2020 and March 31, 2019, respectively.

NOTE Q – STOCK COMPENSATION EXPENSE

Uniparts India Limited ("UIL"), the ultimate parent company issued stock option incentive plans, under which the employees of the Company may subscribe to stock options. Under the plan, stock options to purchase UIL's common stock may be granted to employees at prices not lower than fair value at the date of grant. Stock options have a maximum term of 15 years.

Activity under the plan to the extent related to employees of the Subsidiary:

Balance as on	Number of stock options	Weighted-average exercise price (INR)	Weighted average remaining contractual life (Years)	Aggregate intrinsic value
March 31, 2019	**20,000**	**52.50**	**14.65**	**7,376**
Granted	25,000	52.50	15.00	12,439
Exercised	-	-	-	-
Forfeited	-	-	-	-
March 31, 2020	**45,000**	**52.50**	**14.04**	**19,815**
Options vested and exercisable	**-**	**-**	**-**	**-**

The weighted average exercise price of options is Indian Rupee 52.50 which is equivalent to $0.74. The Company has recognized $8,995 as stock-based compensation expense for the year ended March 31, 2020.

Additionally, an employee of the Parent had been issued 21,826 stock options of UIL during the previous years which were fully vested during the year ended March 31, 2012 and remains unexercised as at March 31, 2020.

The following table summarizes information about the pre-tax intrinsic value of options exercised, and the weighted average grant date fair value per share of options granted.

	Year ended March 31, 2020	Year ended March 31, 2019
Intrinsic value of options exercised	-	-
Weighted average fair value of stock options granted	1.12	1.13

The grant date fair value of options has been estimated using the Black-Scholes single option pricing model with following assumptions:

Risk free interest rate	6.49% - 6.73%
Expected dividend yield	0.93%
Expected life of option in years	8.50 – 9.50
Weighted average expected volatility	14.74% - 14.84%

NOTE R – RELATED PARTY TRANSACTIONS

The Company purchases materials from entities located in India that share common ownership with the Company. Purchases from these related companies approximated $29,864,976 and $39,289,000 for the years ended March 31, 2020 and March 31, 2019, respectively. Additionally, there is approximately $6,071,094 and $5,400,000 due to these related companies as of March 31, 2020 and March 31, 2019, respectively. These amounts will be paid under normal trade terms with these affiliated companies. The Company provides minimal services to the aforementioned related companies. As of March 31, 2020, and March 31, 2019, receivables due from these companies are immaterial to the consolidated financial statements.

During the year ended March 31, 2020 and March 31, 2019, the Company's Ultimate Parent, Uniparts India Limited, incurred costs related to the Company's purchase of software and the implementation of a new ERP system (see Note G). As at March 31, 2020 and March 31, 2019, balance due to Company's Ultimate Parent was $230,484 and $131,405, respectively.

NOTE S – STOCKHOLDER'S EQUITY

Convertible, callable preferred stock

All 800,000 shares of preferred stock are convertible, at the option of the holder, into shares of common stock. Each share of preferred stock may be converted into $10 worth of common stock. The number of common shares received will be based on the fair market value of common stock on the date of the conversion. The Company, at its discretion, may call preferred stock at the rate of $10 per share. There are 800,000 shares of preferred stock, $10 par value, authorized, issued and outstanding as of March 31, 2020 and March 31, 2019.

Dividend rights for holders of convertible preferred stock are identical to the dividend rights of common stockholders.

Common stock

There are 300,000 shares of common stock, $10 par value, authorized, and 2,000 shares issued and outstanding as of March 31, 2020 and March 31, 2019. Shares of common and preferred stock have identical ownership interests in the Company.

NOTE T – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through July 30, 2020, which is the date these consolidated financial statements were available to be issued. Based upon this evaluation the Company has determined that the following events require disclosure in these consolidated financial statements.

On April 01, 2020, the bank line of credit was renewed and revised to the amount of $8,000,000 and $5,000,000 for the Subsidiary and Parent, respectively.

On April 10, 2020, Uniparts USA Ltd. received loan proceeds in the amount of $2,167,250 from JPMorgan Chase, N.A. (the "Loan") pursuant to the Paycheck Protection Program ("PPP") under the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which was enacted on March 27, 2020. Uniparts Olsen Inc. is also a beneficiary of the loan. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, and rent and utilities (collectively, "Qualifying Expenses"). The Company intends to use the entire Loan amount for the Qualifying Expenses. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for Qualifying Expenses as described in the CARES Act.

Supplementary Information

Consolidating schedule - balance sheets

(All amounts in United States Dollars, except otherwise stated)

	As at March 31, 2020				
	Uniparts USA Ltd.	Uniparts Olsen Inc.	Combined	Eliminating adjustments	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	191,486	760,595	952,081	-	952,081
Accounts receivable, net	2,171,211	5,521,824	7,693,035	-	7,693,035
Inventories, net	8,954,026	16,610,436	25,564,462	-	25,564,462
Prepaid expenses	56,635	153,800	210,435	-	210,435
Other current assets	-	800,245	800,245	-	800,245
Due from related party	-	417,240	417,240	417,240	-
Total current assets	**11,373,358**	**24,264,140**	**35,637,498**	**417,240**	**35,220,258**
Property and equipment, net	286,397	2,358,649	2,645,046	-	2,645,046
Capitalized software costs	-	515,295	515,295	-	515,295
Investment in subsidiary	8,367,665	-	8,367,665	8,367,665	-
Goodwill	-	6,909,650	6,909,650	(4,521,279)	11,430,929
Deferred tax assets	1,897	-	1,897	1,897	-
Total assets	**20,029,317**	**34,047,734**	**54,077,051**	**4,265,523**	**49,811,528**

Consolidating schedule - balance sheets (Continued)

(All amounts in United States Dollars, except otherwise stated)

As at March 31, 2020

	Uniparts USA Ltd.	Uniparts Olsen Inc.	Combined	Eliminating adjustments	Consolidated
LIABILITIES AND STOCKHOLDER'S EQUITY					
Current liabilities					
Lines of credit	3,050,000	4,800,944	7,850,944	-	7,850,944
Accounts payable	358	1,697,911	1,698,269	-	1,698,269
Due to related parties	3,608,175	2,880,159	6,488,334	417,240	6,071,094
Accrued expenses	92,117	1,851,767	1,943,884	-	1,943,884
Provision for taxation	27,567	-	27,567	-	27,567
Insurance claim recoveries in advance	-	653,558	653,558	-	653,558
Current portion of long-term debt	10,482	324,513	334,995	-	334,995
Total current liabilities	**6,788,699**	**12,208,852**	**18,997,551**	**417,240**	**18,580,311**
Long-term debt, net of current portion	7,138	547,866	555,004	-	555,004
Deferred rent	-	73,488	73,488	-	73,488
Deferred gain-leaseback	-	-	-	-	-
Deferred income taxes	-	2,042,899	2,042,899	1,897	2,041,002
Total liabilities	**6,795,837**	**14,873,105**	**21,668,942**	**419,137**	**21,249,805**
Stockholder's equity					
Convertible, callable preferred stock, $10 par value, 800,000 shares authorized, issued and outstanding	8,000,000	-	8,000,000	-	8,000,000
Common stock, $10 par value, 300,000 shares authorized; 2,000 shares issued and outstanding	20,000	-	20,000	-	20,000
Common stock - $ 1 par value, 1,224,301 shares authorized, issued and outstanding	-	1,224,301	1,224,301	1,224,301	-
Additional paid-in capital	-	2,689,151	2,689,151	2,680,156	8,995
Retained earnings	5,213,482	15,261,176	20,474,658	(58,070)	20,532,728
Total stockholder's equity	**13,233,482**	**19,174,628**	**32,408,110**	**3,846,387**	**28,561,723**
Total liabilities and stockholder's equity	**20,029,319**	**34,047,733**	**54,077,052**	**4,265,524**	**49,811,528**

(See independent auditor's report)

Consolidating schedule - statements of income

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2020				
	Uniparts USA Ltd.	Uniparts Olsen Inc.	Combined	Eliminating adjustments	Consolidated
Revenues, net	20,176,855	46,893,667	67,070,522	-	67,070,522
Cost of goods sold	(16,044,150)	(42,863,752)	(58,907,902)	-	(58,907,902)
Gross profit	**4,132,705**	**4,029,915**	**8,162,620**	**-**	**8,162,620**
Selling, general and administrative expenses	2,762,954	2,678,126	5,441,080	-	5,441,080
Income from operations	**1,369,751**	**1,351,789**	**2,721,540**	**-**	**2,721,540**
Other income (expense)					
Fire related expenses	-	(3,079,604)	(3,079,604)	-	(3,079,604)
Insurance claim recoveries	-	3,269,314	3,269,314	-	3,269,314
Gain on sale of property and equipment	879,534	-	879,534	-	879,535
Amortization of gain on dispositions of property and equipment	-	28,170	28,170	-	28,170
Interest expense	(252,472)	(325,434)	(577,906)	-	(577,907)
Total other expense	**627,062**	**(107,554)**	**519,508**	**-**	**519,508**
Income before income tax expense	**1,996,813**	**1,244,235**	**3,241,048**	**-**	**3,241,048**
Income tax income (benefit)					
Current	446,390	273,837	720,227	-	720,228
Deferred	15,182	177,934	193,116	-	193,115
Total income tax expense	461,572	451,771	913,343	-	913,343
Net income for the year	**1,535,241**	**792,464**	**2,327,705**	**-**	**2,327,705**

(See independent auditor's report)

Consolidating computations of Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2020		
	Uniparts USA Ltd.	**Uniparts Olsen Inc.**	**Combined**
Net income	1,535,241	792,464	2,327,705
Adjustments			
Interest expense	252,473	325,434	577,907
Income tax expense	461,572	451,771	913,343
Depreciation and amortization expense	111,904	421,990	533,894
Total adjustments	825,949	1,199,195	2,025,144
Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")	**2,361,190**	**1,991,659**	**4,352,849**

(See independent auditor's report)