
HearAtLast Holdings, Inc.
Consolidated Financial Statements
March 31, 2018
(Amounts expressed in US Dollars)

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TO THE STOCKHOLDERS OF HEARATLAST HOLDINGS INC.

The consolidated balance sheets of HearAtLast Holdings Inc. at March 31, 2018 and March 31, 2017 and the consolidated Statements of Operations and Comprehensive Loss, Changes in Stockholders' Deficiency and Cash Flows for the years then ended have not been audited by the Company's auditors, Schwartz Levitsky Feldman LLP. These financial statements are the responsibility of management and have been reviewed and approved by the Company's audit committee and Board of Directors.

HearAtLast Holdings, Inc.
Consolidated Balance Sheets
As at March 31, 2018 and March 31, 2017
(Amounts expressed in US Dollars)

	March 31, <u>2018</u>	March 31, <u>2017</u>
ASSETS		
Total Assets	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Liabilities (note 4)	\$ 826,011	\$ 826,011
Advances from Shareholder (note 5)	<u>607,391</u>	<u>607,391</u>
Total current liabilities	<u>1,433,402</u>	<u>1,433,402</u>
Total Liabilities	<u>1,433,402</u>	<u>1,433,402</u>
Going concern (note 1)		
Related party transactions (note 6)		
Commitments (note 11)		
Contingencies (note 12)		
STOCKHOLDERS' DEFICIENCY		
Common stock (note 7)	1,000	1,000
Preferred stock (note 8)	1,530	1,530
Additional Paid In Capital	12,548,478	12,548,478
Accumulated Other Comprehensive Loss	(1,318,370)	(1,318,370)
Accumulated Deficit	<u>(12,666,040)</u>	<u>(12,666,040)</u>
Total Stockholders' Deficiency	<u>(1,433,402)</u>	<u>(1,433,402)</u>
Total Liabilities and Stockholders' Deficiency	<u>\$ -</u>	<u>\$ -</u>

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

signed "Aldo Rotundi"

President and CEO

HearAtLast Holdings, Inc.
Consolidated Statements of Operations and Comprehensive Loss
For the years ended March 31, 2018 and March 31, 2017
(Amounts Expressed in US Dollars)

	<u>2018</u>	<u>2017</u>
License Fee	\$ -	\$ -
Gross Profit	<u>-</u>	<u>-</u>
Expenses		
Administration	-	-
Consulting Fees	-	-
Total	<u>-</u>	<u>-</u>
Net Income	<u>\$ -</u>	<u>\$ -</u>
Proceeds of sale of business	-	
Debt Forgiveness	-	
Foreign Exchange Adjustment	-	-
Net Loss	<u>\$ -</u>	<u>\$ -</u>
Comprehensive Loss	<u>\$ -</u>	<u>\$ -</u>
Loss per share - basic and diluted	\$ 0.000	\$ 0.000
Weighted Average Common Shares Outstanding	1,000,066	1,000,066

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

HearAtLast Holdings, Inc.
Consolidated Statements of Changes in Stockholders' Deficiency
For the years ended March 31, 2018 and March 31, 2017
(Amounts expressed in US Dollars)

	Number of common stock	Common stock	Number of preferred stock	Preferred stock	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Stockholders' Deficiency
Balance as of March 31, 2016	1,000,066	1,000	1,530,856	1,530	12,548,478	(1,318,370)	(12,666,040)	(1,433,402)
Net loss	-	-	-	-	-	-	-	-
Balance as of March 31, 2017	1,000,066	1,000	1,530,856	1,530	12,548,478	(1,318,370)	(12,666,040)	(1,433,402)
Net loss	-	-	-	-	-	-	-	-
Balance as of March 31, 2018	1,000,066	1,000	1,530,856	1,530	12,548,478	(1,318,370)	(12,666,040)	(1,433,402)

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

HearAtLast Holdings, Inc.
Consolidated Statements of Cash Flows
For the years ended March 31, 2018 and March 31, 2017
(Amounts expressed in US Dollars)

	March 31, 2018	March 31, 2017
Cash Flows from Operating Activities		
Net (Loss) Income	\$ -	\$ -
Net cash used in operating activities	-	-
Cash Flows from Financing Activities		
Advances from Shareholders	-	-
Net cash provided by financing activities	-	-
Foreign Exchange Effects	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	-
Cash and Cash Equivalents - beginning of the year	-	-
Cash and Cash Equivalents - end of the year	<u>\$ -</u>	<u>\$ -</u>
Supplemental Information		
Interest Received	\$ -	\$ -
Interest Paid	-	-
Income Taxes Paid	-	-

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

1. NATURE OF OPERATIONS

226 Music Group, Inc. ("TTMG") was incorporated on May 12, 2004 in the State of Texas. On July 17, 2007 the name was changed to HearAtLast Holdings, Inc. ("the Company") and the Company was re-domiciled to become a Nevada corporation.

On February 3, 2011, the Company signed an Assignment of License agreement with an unrelated third party, pursuant to which all assets, liabilities, rights and obligations subject to the license arrangement have been transferred to the third party. The third party will pay a license fee of 5% on net sales, defined as sales less returns, to the Company for all product sales generated within the assigned clinics for the duration of the licenses for these stores, from the closing date of the transaction. Any new location opened in addition to the existing clinics shall have a monthly license fee payable equal to 2.5% of the net sales, defined as sales less returns, to the Company for all product sales generated in the first 18 months of operations, increasing to 5.0% in the 19th month.

2. GOING CONCERN

The Company's consolidated financial statements are prepared using accounting principles generally accepted in the United States of America and applicable to a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business. However, the Company has not generated any revenues from its planned principal operations through September 30, 2017 and has recorded losses since inception, has negative working capital, has yet to achieve profitable operations and expects further losses in the development of its business. There can be no assurance that the Company will have adequate capital resources to fund planned operations or that any additional funds will be available to the Company when needed, or if available, will be available on favorable terms in the amounts required by the Company. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Company is planning expansion for which it requires funds. Continuance of the Company as a going concern is dependent on its future profitability and on the on-going support of its shareholders, affiliates and creditors due to its negative cash flows from operations and need for cash to fund its expansion plans.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation

Effective July 17, 2007, TTMG completed a transaction with At Last Pain and Injury Solutions Inc. ("APIS"). This transaction was accounted for as a reverse acquisition as the control of TTMG was acquired by the former shareholders of APIS. After this transaction, the TTMG's name was changed to HearAtLast Holdings Inc. ("the Company"). As a result of this transaction ("Transaction"), pursuant to the Share Agreement, the TTMG issued 80,000,000 common shares to the former shareholders of APIS, resulting in the previous owners of APIS owning approximately 99.9% of the Company's voting capital stock.

These consolidated financial statements include the accounts of APIS as well as those of TTMG, as of July 17, 2007 and the merger and recapitalization were reported as a line item in the Statements of Changes in the Stockholders' Deficiency. Prior period results and comparatives are those of APIS. Although legally, the Company (formerly 226 Music Group Limited) is regarded as the continuing Company, APIS, whose

stockholders now hold directly or indirectly more than 50% of the voting shares of the Company, is treated as the accounting acquirer under generally accepted accounting principles. Consequently, the Company (formerly 226 Music Group Limited) is deemed a continuation of APIS and control of the assets and business of the Company (formerly 226 Music Group Limited) is deemed to have been acquired in consideration for the issued shares.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Company owns 100% of HearAtLast Inc., an Ontario corporation. The Ontario Corporation is the company that transacted the day-to-day business while the company was active; however, the licensing revenues have all occurred in the Holding company's books.

All significant inter-company accounts and transactions have been eliminated on consolidation. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

b) Use of Estimates

The preparation of financial statements for any period involves the use of estimates as the precise determination of assets and liabilities, and revenues and expenses, depends on future events. Actual amounts may differ from these estimates. Significant estimates include the valuation of allowances for deferred tax assets.

c) Financial Instruments

The Company's financial instruments consist of accounts payable and accrued liabilities, and advance from shareholders. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values due to the relatively short period to maturity for these instruments.

The Company follows ASC 820-10, "Fair Value Measurements and Disclosures" (ASC 820-10), which among other things, defines fair value, establishes a consistent framework for measuring fair value and expands disclosure for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, a three-tier fair value hierarchy has been established, which prioritizes the inputs used in measuring fair value as follows:

- Level 1—Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

- Level 3—Unobservable inputs reflect management’s best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to the model.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont’d)

d) Revenue Recognition

Revenue is recognized from services for pain therapy when treatment is rendered. Revenue from the sale of hearing aids is recognized when the units are delivered to the clients or when ancillary services are performed.

Sales recognized to date represent services provided. In accordance with guidance provided in Securities and Exchange Commission (“SEC”) Staff Accounting Bulletin No. 104, “Revenue Recognition in Financial Statements” (SAB 104), the primary purpose of which is to expand on accounting guidance contained in SAB 101, these revenues are recognized when

- (i) persuasive evidence of an arrangement exists,
- (ii) delivery of the product has occurred or services have been rendered,
- (iii) the price to the customer is determinable and
- (iv) collectability is reasonably assured.

e) Advertising costs

Advertising costs are expensed as incurred.

f) Income Taxes

The Company accounts for income taxes under FASB Codification Topic 740-10-25 (“ASC 740-10-25”). Under ASC 740-10-25, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under ASC 740-10-25, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company provides a valuation allowance for deferred tax assets for which it does not consider realization of such assets likely.

Net operating loss carry-forwards and other deferred tax assets are reviewed annually for recoverability, and, if necessary, are recorded net of a valuation allowance. Note 7 contains additional discussion regarding income taxes.

g) Comprehensive loss

Comprehensive loss includes all changes in equity during a period from non-owner sources.

h) Loss per share

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstanding for the year. Diluted loss per share is computed by dividing net loss by the weighted average number of common shares outstanding plus common stock equivalents (if dilutive). As of March 31, 2018, there were no common stock equivalents.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

i) Stock-Based Compensation

The Company accounts for equity instruments issued in exchange for the receipt of goods or services from parties other than employees using the estimated fair market value of the consideration received or estimated fair value of the equity instruments issued, whichever is more reliably measurable. The value of equity instruments issued for consideration other than employee services is determined on the earlier of a performance commitment or completion of performance by the provider of goods or services. As of March 31, 2018, there was \$nil of unrecognized expense related to stock-based compensation.

j) Foreign Currency

The parent Company maintains its books and records in U.S. dollars which is its functional and reporting currency. One of the Company's operating subsidiary is a foreign private company and maintains its books in Canadian dollars (the functional currency). The subsidiary's financial statements are converted to US dollars for consolidation purposes. The translation method used is the current rate method, where the functional currency of the subsidiary is the foreign currency. Under the current rate method all assets and liabilities are translated at the current rate, stockholders' equity are translated at historical rates and revenues and expenses are translated at average rates for the year. Due to the dormant status of the wholly owned subsidiary, there have been no adjustments for the past years.

k) Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and other than the below, does not expect the future adoption of any such pronouncements to have a significant impact on its results of operations, financial condition or cash flow.

FASB ASU 2017-11 "Earnings Per Share (Topic 260), Distinguishing Liabilities from Equity (Topic 480) and Derivatives and Hedging (Topic 815)" - In July 2017, the FASB issued 2017-11. The guidance eliminates the requirement to consider "down round" features when determining whether certain equity-linked financial instruments or embedded features are indexed to an entity's own stock. Our warrants issued with our convertible notes are treated as derivative instruments, because they include a "down round" feature. The ASU is effective for annual periods beginning after December 15, 2018, and for interim periods within those

years, with early adoption permitted. Early adoption of this guidance could have a significant impact on our financial statements, as it would effectively eliminate the warrant derivative liability and the gain or loss from changes in the fair value of the warrant derivative liability. We do not expect this ASU to have a significant impact on our consolidated financial statements and related disclosures.

FASB ASU 2017-09 "Scope of Modification Accounting (Topic 718)" - In May 2017, the FASB issued 2017-09. The guidance clarifies the accounting for when the terms of a share-based award are modified. The ASU is effective for annual reporting periods beginning after December 15, 2017, and for interim periods within those years, with early adoption permitted. This new guidance would only impact our consolidated financial statements if, in the future, we modified the terms of any of our share-based awards.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

k) Recent Accounting Pronouncements (cont'd)

FASB ASU2018-05, "Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No.118" – In March 2018, the amendments provide guidance on when to record and disclose provisional amounts for certain income tax effects of the Tax Cuts and Jobs Act, and also require any provisional amounts or subsequent adjustments to be included in net income. Additionally, ASU 2018-05 discusses required disclosures that an entity must make with regard to the Tax Reform Act. ASU2018-05 is effective immediately as new information is available to adjust provisional amounts that were previously recorded. We do not expect this ASU to have a significant impact on our consolidated financial statements and related disclosures.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	March 31, 2018	March 31, 2017
	\$	\$
Trade Payables	26,011	26,011
Professional Fees	<u>800,000</u>	<u>800,000</u>
	826,011	826,011

As disclosed in Note 1 of these consolidated financial statements, the Company transferred its accounts payable subject to the license arrangement with a vendor to an unrelated third party pursuant to an Assignment of License agreement. The amounts left outstanding are amounts that are owed by the public company, HearAtLast Holdings Inc.

The Professional Fees are for consulting and expenses expended on behalf of the Company. Part of the amount due is for consulting by Ramos and Ramos, pursuant to an agreement dated September 1, 2009. The Company entered into a contract in the principal amount of \$400,000 for services rendered and to be rendered.

5. ADVANCES FROM SHAREHOLDERS

The advances from major shareholder have no interest rate and is due on demand. The amount owing to the director was \$607,391 (\$607,391 in 2017).

6. RELATED PARTY TRANSACTIONS

No related party transactions occurred during the year.

7. COMMON STOCK

During the fiscal year ended March 31, 2015, the Company issued 285,000,000 common shares for consulting services. These services were commissioned to obtain financing for the repayment of some of the Company's outstanding obligations.

During the fiscal year ended March 31, 2016, the Company authorized a 1:500 stock reverse. There were an additional 548 shares issued by the Transfer Agent to allow for round up of new share conversions.

8. PREFERRED STOCK

At March 31, 2018, the Company had 1,530,856 preferred stock with a face value of \$10 per share and a stated value of \$0.001 per share.

Each preferred share was granted with a warrant to purchase up to 10 common shares of the Company at \$0.50 per share. These warrants expired at various times between October 23, 2011 and December 1, 2012. As a result, the grant date fair market value of these warrants of \$52,893 was transferred to additional paid-in capital.

The fair value of these warrants was estimated on the date of grant using the Black Scholes option pricing model, with the following assumptions: i) expected dividend yield of 0%, ii) expected volatility of 280%, iii) risk-free interest rate of 3%, and iv) expected life of 2 years. The resulting fair value of each warrant was \$0.05.

9. INCOME TAXES

The reconciliation of income taxes at statutory income tax rates to the income tax expense is as follows:

HearAtLast Holdings, Inc.
Notes to Consolidated Financial Statements
March 31, 2018
(Amounts expressed in US Dollars)

		2018		2017
Loss before income taxes	\$	-	\$	-
Applicable statutory tax rate		34%		34%
Income tax recovery at statutory rate		-		-
Timing difference		-		-
Stock-based compensation		-		-
Tax loss benefit not recognized		-		-
Income tax - current and deferred	\$	-	\$	-

9. INCOME TAXES (Cont'd)

The Company files US Federal income tax returns for its US operations. Separate income tax returns are filed, as locally required in Canada. As the Company has recognized substantial cumulative losses from operations and has not earned significant revenues, it has provided a 100% valuation allowance on the net deferred tax assets as of March 31, 2018 and March 31, 2017. Management believes the Company has no uncertain tax positions that were material.

As at March 31, 2018, the Company has losses for tax purposes which can be applied against future taxable income. These losses expire as follows:

2028	2,249,667
2029	4,221,621
2030	3,965,534
2031	2,113,880
2034	14,790
2036	100,548
Total	<u>12,666,040</u>

10. SEGMENTED INFORMATION

The Company's operations comprise of a single reporting segment engaged in the provision of health related services in the areas of pain management treatments and clinical hearing and testing. In addition, all of the

Company's assets are in North America, which is also the source of its revenues, and management considers North America a single geographical market.

11. COMMITMENTS

The Company had entered into various contracts and operating leases. All of those commitment contracts expired during the year. The Company has no further minimum future payments as at March 31, 2018.

12. CONTINGENCIES

A related party has claimed certain amounts as compensation. Management contends that non-cash benefits that have accrued to this party are more than sufficient compensation and have determined that the claim is unwarranted. Therefore the amount has not been allowed for in these statements.

Outstanding litigation

The Company is involved in litigation and claims arising in the normal course of operations as well as litigation in regards to past debts and unpaid leases. Management is of the opinion that any pending litigation would not impact the Company's financial position or results of operations as reported as the Company has already taken into account the maximum losses under the various actions.