

Orbit Inc.

Financial Statements

March 31, 2018 and March 31, 2017



Table of Contents

Financial Statements	3
<i>Balance Sheets</i>	4
<i>Statements of Income</i>	5
<i>Statement of Stockholders' Equity</i>	6
<i>Statements of Cash Flows</i>	7
Notes to Financial Statements	8

Financial Statement

Balance sheets

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

	Notes	As at	
		March 31, 2018	March 31, 2017
ASSETS			
Current assets			
Cash and cash equivalents	B	9,184	21,009
Accounts receivable, due from parent	C	-	-
Accounts receivable, net (held on behalf of parent)	D	263,749	234,210
Inventories (held on behalf of parent)	E	1,587,200	1,725,263
Other current assets	F	13,824	8,128
Total current assets		1,873,957	1,988,610
Property, plant and equipment, net	G	9,367	11,968
Other non-currents assets	H	19,400	19,400
Total assets		1,902,724	2,019,979
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable, due to parent		795,146	924,357
Accounts payable		3,578	4,593
Other current liabilities	I	11,224	23,424
Total current liabilities		809,948	952,374
Deferred tax liability		3,683	4,706
Total liabilities		813,631	957,080
Stockholder's equity			
Common stock of \$ 1 par 5,000,000 shares authorized 1,000,000 (PY: 595,000) shares issued and outstanding		1,000,000	1,000,000
Retained earnings		89,093	62,899
Total stockholders' equity		1,089,093	1,062,899
Total liabilities and stockholders' equity		1,902,724	2,019,979

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

As per our report of even date

For and on behalf of the Board of Directors
Orbit Inc.



Pankaj Seth
Director



Anisha Seth
Director

Place: Mumbai
Dated: May 29, 2018

Statements of income

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

	Notes	For the year ended	
		March 31, 2018	March 31, 2017
Revenues			
Operating revenue		1,744,661	1,664,185
Total revenue		1,744,661	1,664,185
Costs and expenses			
Cost of revenue		1,056,032	1,106,408
Selling, general and administrative expenses		652,868	521,672
Depreciation		2,970	9,544
Total costs and expenses		1,711,870	1,637,624
Operating income		32,790	26,561
Income before income taxes		32,790	26,561
Current Tax		7,619	8,615
Deferred Tax Expense		(1,023)	(3,014)
Net income		26,195	20,960
Basic & Diluted earnings per share	J	0.03	0.02

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

As per our report of even date

For and on behalf of the Board of Directors

Orbit Inc.



Pankaj Seth
Director



Anisha Seth
Director

Place: Mumbai

Dated: May 29, 2018

Statements of stockholders' equity

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

For the years April 01, 2017 to March 31, 2018 and April 01, 2016 to March 31, 2017

Particulars	Common stock				Retained earnings	Total Stockholders' equity
	Authorized Shares	Value	Issued & outstanding Shares	Value		
Balance as on April 01, 2016	5,000,000	\$ 5,000,000	595,000	\$ 595,000	41,939	\$ 636,939
Issuance of common stock			405,000	\$405,000		\$405,000
Net income for the year					20,960	\$20,960
Balance as at March 31, 2017	5,000,000	\$ 5,000,000	1,000,000	\$ 1,000,000	62,899	\$1,062,899
Balance as at April 01, 2017	5,000,000	\$ 5,000,000	\$ 1,000,000	\$ 1,000,000	62,899	\$1,062,899
Net income for the year					26,195	26,195
Balance as at March 31, 2018	5,000,000	\$ 5,000,000	1,000,000	\$1,000,000	89,094	\$ 1,089,094

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

Statement of cash flows

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

	For the year ended	
	March 31, 2018	March 31, 2017
Cash flows from operating activities		
Net income	\$ 26,195	20,960
Adjustments to reconcile net income to net cash derived from (used in) operating activities		
Deferred tax expense	(1,023)	(3,014)
Depreciation and amortization	2,970	9,544
Changes in operating assets and liabilities		
Accounts receivables, due from parent	-	57,059
Accounts receivables, (held on behalf of parent)	(29,540)	46,600
Inventories (held on behalf of parent)	138,064	(131,184)
Other current assets	(5,695)	287
Other assets		(7,950)
Accounts payable, due to parent	(129,210)	(380,640)
Accounts payable	(1,016)	705
Other current and non-current liabilities	(12,200)	2,008
Net cash provided by/ (used in) operating activities	\$ (11,455)	(385,625)
Cash flows from investing activities		
Purchase of equipment	(369)	(1,877)
Net cash (used in) investing activities	\$ (369)	(1,877)
Cash flows from financing activities		
Issuance of common stock	-	405,000
Net cash generated from financing activities	\$ -	405,000
Net increase in cash and cash equivalents	(11,824)	17,498
Cash and cash equivalents at the beginning of the year	21,009	3,511
Cash and cash equivalents at the end of the year	\$ 9,184	21,009
Supplemental cash flow information		
Interest paid	-	-
Income taxes paid	\$ 6,596	5,601

As per our report of even date

For and on behalf of the Board of Directors

Orbit Inc.

Pankaj Seth
Director

Anisha Seth
Director

Place: Mumbai
Dated: May 29, 2018

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Business description

Orbit Inc. ("OI" or "the Company") was incorporated in Delaware, United States on May 16, 2013 and has obtained a Certificate of Qualification to conduct business in the States of California as Orbit International Inc. OI is a wholly owned subsidiary of Orbit Exports Limited ("OEL India" and "Parent"); an Indian public listed Company. The Company commenced business operations in the month of May 2013.

2. Financial statements

a) Basis of preparation

- i) The accompanying financial statements are prepared under the historical cost convention on 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 financial position, results of operations and cash flows.
- ii) All amounts are stated in United States dollars, except as otherwise specified.
- iii) The financial statements presented are for the year April 1, 2017 to March 31, 2018 and year April 1, 2016 to March 31, 2017
- iv) Certain reclassifications, regroupings and reworking have been made to the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net income or stockholders' equity.

b) Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The management's estimates for realization of deferred tax assets, determination of useful lives equipment and other long lived assets for impairment, allowance for doubtful debts and estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates.

3. Significant accounting policies

a) *Cash and cash equivalents*

The Company considers all highly liquid investments and deposits with a remaining maturity of ninety days or less on the date of purchase to be cash and cash equivalents. Cash and cash equivalents comprise cash on hand and balance in checking account with bank.

b) *Revenue recognition*

The Company derives revenues from selling fabric products to the United States of America, Mexico and Central America.

The Company recognizes revenue from selling fabric products when earned; specifically when all the following conditions are met:

- services are provided to customers;
- there is clear evidence that arrangement exists;
- amounts are fixed or can be determined;
- the ability to collect is reasonably assured;

c) *Accounts receivable & allowance for doubtful accounts*

Accounts receivable from parent company represents marketing fees receivable. Accounts receivables depicted as held on behalf of parent company represents the amount collectible from the ultimate customers as OEL India bears the total risk of collection, bad debts if any.

d) *Allowance for doubtful accounts*

The Company follows specific identification method for recognizing bad debts. Management analyzes accounts receivable and the composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness when evaluating the adequacy of the allowance for doubtful accounts.

e) *Inventories*

Inventories consist of fabrics received from OEL India, and are stated at the lower of cost or market. The cost of inventory includes the transfer price of the products and expenses incurred on freight, customs duty and other incidental expenses. Inventories are held on behalf of OEL India and delivered to customers on receipt of instructions from OEL India.

f) *Equipment*

Equipment are stated at cost less accumulated depreciation. The Company depreciates equipment over the estimated useful life using the straight-line method.

The estimated useful lives of assets are as follows:

Asset	Useful life
Computer equipment and software	2 - 7 years
Furniture and fixtures	4 - 7 years
Warehouse equipment	3 - 7 years

The charge for depreciation has been presented as a separate line item on the face of the statements of income.

g) *Intangible Assets*

Intangible assets are recognized only if they are separately identifiable and the company expects to receive future economic benefits arising out of them. Such assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any.

h) *Impairment of long-lived assets*

Long-lived assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of assets may not be fully recoverable. Each impairment test is based on a comparison of the undiscounted cash flows expected to be generated from the use of the asset to its recorded value. If impairment is indicated the asset is written down to its fair value. Long-lived assets, to be disposed are reported at the lower of the carrying value or fair value less cost to sell.

i) *Operating lease*

Lease payments under operating leases are recognized as an expense on a straight line basis over the lease term.

j) *Income taxes*

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of comprehensive income in the period of change. Based on management's judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

k) *Fair value measurements and financial instruments*

The Company adopted the accounting standard for applying fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value. The adoption did not have a material effect on the Company's financial position, results of operations or cash flows.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

l) 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.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	As at	
	March 31, 2018	March 31, 2017
Checking account	8,875	20,735
Cash on hand	309	274
Check in hand	-	-
Total	\$9,184	\$ 21,009

The checking accounts above include Deposited Fund worth \$8,690.

NOTE C - ACCOUNTS RECEIVABLE, DUE FROM PARENT

The Company's accounts receivables relate to marketing commission due from the parent company.

	As at	
	March 31, 2018	March 31, 2017
Accounts receivable, due from parent	-	-
Total	-	-

NOTE D - ACCOUNTS RECEIVABLE, NET (HELD ON BEHALF OF PARENT)

Accounts receivables accounted by the Company on behalf of its parent company relate to goods sold to customers on behalf of the parent and include reimbursable expenses invoiced to customers.

	As at	
	March 31, 2018	March 31, 2017
Accounts receivable, held on behalf of parent	286,036	234,210
Less: Allowance for doubtful accounts	22,287	-
Accounts receivables, net	\$263,749	\$ 234,210

NOTE E - INVENTORIES (HELD ON BEHALF OF PARENT)

Inventories held on behalf of the Parent consist of:

	As at	
	March 31, 2018	March 31, 2017
Fabric products	1,434,153	1,640,251
Goods-in-transit	173,877	99,843
Less: Allowance for slow moving inventory	(20,830)	(14,830)
Total	\$1,587,200	\$ 1,725,264

NOTE F - OTHER CURRENT ASSETS

Other current assets comprise the following:

	As at	
	March 31, 2018	March 31, 2017
Prepaid expenses	13,443	7,861
Others	381	267
Total	\$13,824	\$ 8,128

NOTE G - PROPERTY ,PLANT &EQUIPMENT

Property, Plant &Equipment comprise the following:

	As at	
	March 31, 2018	March 31, 2017
Computer equipment	6,087	6,087
Intangible assets	755	755
Furniture and fixtures	5,127	4,659
Warehouse equipment	24,313	24,506
	36,282	36,007
Less: Accumulated depreciation	(26,915)	(24,039)
Total	\$9,367	\$ 11,968

Depreciation expense for the year ended March 31, 2018 amounted to \$ 2,970(March 31, 2017 -\$9,544).

NOTE H - OTHER NON CURRENT ASSETS

Other non-current assets comprise the following:

	As at	
	March 31, 2018	March 31, 2017
Deposits	19,400	19,400
Total	\$19,400	\$ 19,400

NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at	
	March 31, 2018	March 31, 2017
Payroll accrual	6,923	7,344
Audit Fee Payable	2,500	8,500
Others	1,801	7,580
Total	\$11,224	\$ 23,424

NOTE J - EARNINGS PER SHARE

We calculate our basic earnings per share by dividing net income by the weighted average number of shares and participating securities outstanding during the period. Our diluted earnings per share are calculated in a similar manner but include the effect of dilutive securities. To the extent these securities are antidilutive, they are excluded from the calculation of diluted earnings per share.

The following table summarizes our basic and diluted earnings per common share calculations for the periods presented

	For the year ended	
	March 31, 2018	March 31, 2017
Net income	26,195	20,960
Basic Weighted Average shares outstanding	1,000,000	596,110
Effect of Dilutive Securities	-	-
Dilutive Weighted Average Shares outstanding	-	-
Basic Earnings Per Share	0.03	0.04
Dilutive Earnings Per Share	0.03	0.04

NOTE K - INCOME TAXES

The Company will file federal and state tax returns as per the regulations applicable to Chapter C Corporations in the USA.

The components of income tax expenses are as follows:

	For the year ended	
	March 31, 2018	March 31, 2017
Current taxes	7,619	8,615
Federal	4,619	5,007
State	3,000	3,608
Deferred taxes	(1,023)	(3,014)
Federal	(885)	(2,606)
State	(138)	(408)
Income tax expense	\$6,596	\$ 5,601

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

	As at	
	March 31, 2018	March 31, 2017
Non-current deferred tax liability:		
Plant, property and equipment, net	3,683	4,706
Total deferred tax liability	\$3,683	\$ 4,706

Accounting for uncertain tax position

Effective April 1, 2009, the accounting standard regarding "Accounting for Uncertain Tax Positions" was introduced (FASB ASC 740-10). This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the enterprise's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. The adoption of the standard has had no material effect on the Company's financial position, results of operations or cash flow.

The tax years 2013 to 2015 remain subject to examination by the taxing authority.

NOTE L - COMMITMENTS AND CONTINGENCIES

Operating lease

The Company has a warehousing and office facility located in Los Angeles; California and New York. The Company has obtained an operating lease of these office and warehouse premises. Rental expense for the year ended March 31, 2018 was \$132,374 (Previous year \$ 81,980).

At March 31, 2018 future rental commitments for the non-cancelable lease are as follows:

Year	Los Angeles	New York	Total
2018-19	86,400	53,547	139,947
2019-20	88,744	55,153	143,897
Total	\$ 175,144	\$ 108,700	\$ 283,844

NOTE M - RELATED PARTY TRANSACTIONS

The Company had transactions in the ordinary course of business with the following related parties:

- a) Orbit Exports Limited ("Parent company")

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Orbit Exports Limited		
<i>Transactions during the year</i>		
Purchases from OEL India	798,798	1,262,622
Issuance of common stock to OEL India	-	405,000
Reimbursement of expenses by OEL India	-	56,988
Payment made to OEL India	928,009	1,643,262
<i>Balances at the end of year</i>		
Accounts payable, due to parent company	7,95,146	924,357
Accounts receivable, due from parent company	-	-

NOTE N - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2017 through May 19, 2017; the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.