Orbit Inc.

Financial Statements

March 31, 2017 and March 31, 2016

KNAV & Co.

Chartered Accountants

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KNAV & Co.
Chartered Accountants

Corporate Address: 303, OIA House, 470 Cardinal Gracious Road, Chakala, Andheri (East), Mumbai-400 099, India.
Tel.: +91-22-6164 4800 Email : admin@knavcpa.com

Report of Independent Accountants

The Board of Directors of Orbit Inc.

We have audited the accompanying financial statements of Orbit Inc. ('the Company'), a Delaware Corporation, which comprise the balance sheets as at March 31, 2017 and March 31, 2016 and the related statements of income, statements of stockholders' equity and statements of cash flows for the years then ended and the related notes to the financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants and the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly in all material respects, the financial position of the Company as at March 31, 2017 and March 31, 2016 and the results of its operations, stockholders' equity and cash flows for the years then ended in conformity with the accounting principles generally accepted in the United States of America.

For KNAV & Co.
Chartered Accountants
(Registration No: 120458W)

Khozema Anajwalla
Partner
Membership No.: 042557
Place: Mumbai
Date: May 19, 2017

Orbit Inc.
Financial Statements
March 31, 2017 and March 31, 2016

Balance sheets

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

	Notes	As at March 31, 2017	As at March 31, 2016
ASSETS			
Current assets			
Cash and cash equivalents	B	21,009	3,511
Accounts receivable, due from parent	C	-	57,059
Accounts receivable, net (held on behalf of parent)	D	234,210	280,810
Inventories (held on behalf of parent)	E	1,725,263	1,594,080
Other current assets	F	7,861	8,416
Total current assets		**1,988,343**	**1,943,876**
Equipment, net	G	11,968	19,634
Other assets	H	19,400	11,450
Total assets		**2,019,711**	**1,974,960**
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable, due to parent		924,357	1,304,997
Accounts payable		4,593	3,888
Other current liabilities	I	23,156	21,416
Total current liabilities		**952,106**	**1,330,301**
Deferred tax liability		4,706	7,720
Total liabilities		**956,812**	**1,338,021**
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	595,000
Retained earnings		62,899	41,939
Total stockholders' equity		**1,062,899**	**636,939**
Total liabilities and stockholders' equity		**2,019,711**	**1,974,960**

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

As per our report of even date
KNAV & Co.
Chartered accountants
(Registration no. 120458W)

Khozema Anajwalla
Partner
Membership No.: 042557
Place: Mumbai
Date: May 19, 2017

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

Pankaj Seth
Director
Place: Mumbai
Date: May 19, 2017

Anisha Seth
Director
Place: Mumbai
Date: May 19, 2017

Orbit Inc.
Financial Statements
March 31, 2017 and March 31, 2016

Statements of income

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

	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenues			
Operating revenue		1,664,185	1,528,849
Total revenue		**1,664,185**	**1,528,849**
Costs and expenses			
Cost of revenue		1,106,408	1,004,866
Selling, general and administrative expenses		521,672	491,911
Depreciation		9,544	6,445
Total costs and expenses		**1,637,624**	**1,503,222**
Operating income		**26,561**	**25,627**
Income before income taxes		**26,561**	**25,627**
Current tax		8,615	4,102
Deferred tax expense		(3,014)	2,102
Net income		**20,960**	**19,423**

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

As per our report of even date
KNAV & Co.
Chartered accountants
(Registration no. 120458W)

Khozema Anajwalla
Partner
Membership No.: 042557
Place: Mumbai
Date: May 19, 2017

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

Pankaj Seth
Director

Place: Mumbai
Date: May 19, 2017

Anisha Seth
Director

Place: Mumbai
Date: May 19, 2017

Statements of stockholders' equity

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

For the years April 01, 2016 to March 31, 2017 and April 01, 2015 to March 31, 2016

	Common stock					Total
	Authorized		Issued & outstanding		Retained	Stockholders'
Particulars	Shares	Value	Shares	Value	earnings	equity
Balance as on April 01, 2015	**5,000,000**	**$ 5,000,000**	**595,000**	**$ 595,000**	**22,516**	**$ 617,516**
Net income for the year					19,423	19,423
Balance as at March 31, 2016	**5,000,000**	**$ 5,000,000**	**595,000**	**$ 595,000**	**41,939**	**$ 636,939**
Balance as at 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**

(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, 2017	March 31, 2016
Cash flows from operating activities			
Net income	$	**20,960**	**19,423**
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Deferred tax expense		(3,014)	2,102
Depreciation and amortization		9,544	6,445
Changes in operating assets and liabilities			
Accounts receivables, due from parent		57,059	-
Accounts receivables, (held on behalf of parent)		46,600	(108,980)
Inventories (held on behalf of parent)		(131,184)	(425,466)
Other current assets		555	(7,231)
Other assets		(7,950)	8,459
Accounts payable, due to parent		(380,640)	535,968
Accounts payable		705	(27,041)
Other current and non-current liabilities		1,740	7,543
Net cash provided by/ (used in) operating activities	$	**(385,625)**	**11,222**
Cash flows from investing activities			
Purchase of equipment		(1,877)	(11,438)
Net cash (used in) investing activities	$	**(1,877)**	**(11,438)**
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		**17,498**	**(216)**
Cash and cash equivalents at the beginning of the year		3,511	3,727
Cash and cash equivalents at the end of the year	$	**21,009**	**3,511**
Supplemental cash flow information			
Income taxes paid	$	5,601	3,531

As per our report of even date
KNAV & Co.
Chartered accountants
(Registration no. 120458W)

Khozema Anajwalla
Partner
Membership No.: 042557
Place: Mumbai
Date: May 19, 2017

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

Pankaj Seth
Director

Place: Mumbai
Date: May 19, 2017

Anisha Seth
Director

Place: Mumbai
Date: May 19, 2017

Notes to financial statements

(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 State 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, 2016 to March 31, 2017 and year April 1, 2015 to March 31, 2016

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	3 - 7 years
Furniture and fixtures	5 - 7 years
Warehouse equipment	5 - 7 years

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

g) 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.

h) Operating lease

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

i) *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.

j) 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.

k) 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:

	As at	
Particulars	**March 31, 2017**	**March 31, 2016**
Checking account	20,735	3,368
Cash on hand	274	143
Total	**$ 21,009**	**$ 3,511**

The company has opened a new bank account which has a balance of $8,128. The checking account above includes non-deposited fund worth $8,732.

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, 2017	**March 31, 2016**
Accounts receivable, due from parent	-	57,059
Total	-	**$ 57,059**

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, 2017	**March 31, 2016**
Accounts receivable, held on behalf of parent	234,210	280,810
Less: Allowance for doubtful accounts	-	-
Accounts receivables, net	**$ 234,210**	**$ 280,810**

NOTE E - INVENTORIES (HELD ON BEHALF OF PARENT)

Inventories held on behalf of the Parent consist of:

	As at	
	March 31, 2017	**March 31, 2016**
Fabric products	1,640,250	1,327,606
Goods-in-transit	99,843	281,304
Less: Allowance for slow moving inventory	(14,830)	(14,830)
Total	**$ 1,725,263**	**$ 1,594,080**

NOTE F - OTHER CURRENT ASSETS

Other current assets comprise the following:

	As at	
	March 31, 2017	**March 31, 2016**
Prepaid expenses	7,861	8,416
Total	**$ 7,861**	**$ 8,416**

NOTE G - EQUIPMENT

Equipment comprise the following:

	As at	
	March 31, 2017	**March 31, 2016**
Computer equipment	6,842	5,948
Furniture and fixtures	4,659	4,659
Warehouse equipment	24,506	23,523
	36,007	**34,130**
Less: Accumulated depreciation	(24,039)	(14,496)
Total	**$ 11,968**	**$ 19,634**

Depreciation expense for the year ended March 31, 2017 amounted to $ 9,544 (March 31, 2016 -$6,445).

NOTE H - OTHER ASSETS

Other assets comprise the following:

	As at	
	March 31, 2017	**March 31, 2016**
Deposits	19,400	11,450
Total	**$ 19,400**	**$ 11,450**

NOTE I - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at	
	March 31, 2017	**March 31, 2016**
Payroll accrual	7,076	4,552
Accrued expenses	8,500	12,812
Others	7,580	4,052
Total	**$ 23,156**	**$ 21,416**

NOTE J - 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, 2017	March 31, 2016
Current taxes	**8,615**	**4,102**
Federal	5,007	3,081
State	3,608	1,021
Deferred taxes	**(3,014)**	**2,102**
Federal	(2,606)	1,698
State	(408)	404
Income tax expense	**$ 5,601**	**$ 6,204**

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, 2017	March 31, 2016
Non-current deferred tax liability:		
Plant, property and equipment, net	4,706	7,720
Total deferred tax liability	**$ 4,706**	**$ 7,720**

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 2016 remain subject to examination by the taxing authority.

NOTE K - 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, 2017 was $ 81,980 (Previous year $ 103,995).

At March 31, 2017 future rental commitments for the non-cancelable lease are as follows:

Year	Los Angeles	New York	Total
2017-18	84,400	51,987	136,387
2018-19	86,400	53,547	139,947
2019-20	88,744	45,756	134,500
Total	**$ 259,544**	**$ 151,289**	**$ 410,833**

NOTE L - RELATED PARTY TRANSACTIONS

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

a) Orbit Exports Limited ("Parent company")

	March 31, 2017	March 31, 2016
Orbit Exports Limited		
Transactions during the year		
Purchases from OEL India	1,262,622	1,179,189
Issuance of common stock to OEL India	405,000	-
Reimbursement of expenses by OEL India	56,988	3,531
Balances at the end of year		
Accounts payable, due to parent company	924,357	1,304,997
Accounts receivable, due from parent company	-	57,059

NOTE M - 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.