



Financial Statements
(Together with Independent Auditors' Report)

Years Ended March 31, 2016 and 2015

INDO COUNT GLOBAL, INC.

March 31, 2016 and 2015

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Independent Auditors' Report

To Indo Count Global, Inc.

We have audited the accompanying financial statements of Indo Count Global, Inc. (a Delaware corporation), which comprise of the balance sheets as of March 31, 2016 and 2015, and the related statements of income and retained earnings, and 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 presentation 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.

Auditors' 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. 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 auditors' 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 entity'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 entity'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 Indo Count Global, Inc. as of March 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



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ACCOUNTANTS & ADVISORS

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Supplementary information on pages 11 and 12 are presented for the purpose of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Marks Paneth LLP

New York, NY
May 5, 2016



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INDO COUNT GLOBAL, INC.

Balance Sheets

March 31,

ASSETS

	2016	2015
CURRENT ASSETS		
Cash	\$ 320,438	\$ 3,660,286
Due from factor - net	4,978,370	-
Accounts receivable - net	-	2,550,066
Inventories	21,464,346	10,236,275
Prepaid expenses	57,325	60,337
Deferred tax asset	105,000	48,000
	26,925,479	16,554,964
PROPERTY AND EQUIPMENT, NET	8,369	-
RESTRICTED CASH	1,000,000	1,700,000
DEPOSITS	35,000	35,000
TOTAL ASSETS	\$ 27,968,848	\$ 18,289,964

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 11,970,672	\$ 7,803,756
Accrued interest	-	66,291
Due to factor	10,372,376	-
Loan payable - bank	-	8,500,000
Income taxes payable	157,300	168,423
	22,500,348	16,538,470
SUBORDINATED DEBT - RELATED PARTY	3,000,000	-
COMMITMENTS		
STOCKHOLDER'S EQUITY		
Common stock, no par value, authorized 10,000 shares, issued and outstanding 500 shares	500,000	500,000
Additional paid in capital	300,000	300,000
Retained earnings	1,668,500	951,494
	2,468,500	1,751,494
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 27,968,848	\$ 18,289,964

See Notes to Financial Statements.

INDO COUNT GLOBAL, INC.
Statements of Income and Retained Earnings
For the Years Ended March 31,

	<u>2016</u>	<u>2015</u>
SALES	\$ 60,420,391	\$ 39,779,252
LESS: SALES RETURNS, DISCOUNTS AND ALLOWANCES	<u>14,231,345</u>	<u>7,349,241</u>
NET SALES	46,189,046	32,430,011
COST OF GOODS SOLD	<u>40,896,053</u>	<u>28,889,585</u>
GROSS PROFIT	<u>5,292,993</u>	<u>3,540,426</u>
OPERATING EXPENSES		
Selling and shipping	2,279,008	1,426,778
General and administrative	<u>1,489,182</u>	<u>956,265</u>
Total Operating Expenses	<u>3,768,190</u>	<u>2,383,043</u>
INCOME BEFORE OTHER EXPENSES AND INCOME TAXES	1,524,803	1,157,383
OTHER EXPENSES		
Interest expense	337,651	296,124
Factoring expenses	<u>91,384</u>	<u>-</u>
Total Other Expenses	<u>429,035</u>	<u>296,124</u>
INCOME BEFORE INCOME TAXES	1,095,768	861,259
INCOME TAXES		
Current	435,762	355,146
Deferred benefit	<u>(57,000)</u>	<u>(9,000)</u>
	<u>378,762</u>	<u>346,146</u>
NET INCOME	717,006	515,113
RETAINED EARNINGS - beginning of year	<u>951,494</u>	<u>436,381</u>
RETAINED EARNINGS - end of year	<u>\$ 1,668,500</u>	<u>\$ 951,494</u>

See Notes to Financial Statements.

INDO COUNT GLOBAL, INC.

Statements of Cash Flows

For the Years Ended March 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 717,006	\$ 515,113
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	761	-
Deferred tax benefit	(57,000)	(9,000)
Increase (decrease) in cash flows due to changes in operating assets and liabilities:		
Due from factor	(4,978,370)	-
Accounts receivable	2,550,066	1,615,106
Inventories	(11,228,071)	(3,058,934)
Prepaid expenses	3,012	21,918
Restricted cash	700,000	(640,000)
Accounts payable and accrued expenses	7,166,916	(135,692)
Accrued interest	(66,291)	(13,663)
Income taxes payable	(11,123)	125,923
Total adjustments	(5,920,100)	(2,094,342)
Net cash used in operating activities	(5,203,094)	(1,579,229)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(9,130)	-
Net cash used in investing activities	(9,130)	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in due to factor	10,372,376	-
Loan repayment	(8,500,000)	-
Net borrowings on bank loan	-	3,505,796
Net cash provided by (used in) financing activities	1,872,376	3,505,796
NET CHANGE IN CASH	(3,339,848)	1,926,567
CASH AT BEGINNING OF YEAR	3,660,286	1,733,719
CASH AT END OF YEAR	\$ 320,438	\$ 3,660,286
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Income taxes	\$ 446,946	\$ 229,113
Interest	\$ 403,942	\$ 309,789

SUPPLEMENTARY SCHEDULE OF NONCASH ACTIVITY:

Conversion of trade debt to subordinate debt in the amount of \$3,000,000 for the year ended March 31, 2016.

See Notes to Financial Statements.

INDO COUNT GLOBAL, INC.**Notes to Financial Statements****March 31, 2016 and 2015****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Description of Business

Indo Count Global, Inc. (the "Company") was incorporated in the state of Delaware in January 2011. The Company's principal activity is the wholesaling of linens. The Company is a wholly owned subsidiary of the Indian Corporation (the "Parent Company").

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable represents amounts billed and uncollected as of March 31, 2015. Management believes that the accounts receivable are collectible and therefore no provision for uncollectible accounts has been made. In circumstances when the Company is aware of a specific customer's inability to meet its financial obligations, the Company records a specific reserve for bad debts.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the average cost method. Inventories consist of finished goods totaling \$21,464,346 and \$10,236,275 at March 31, 2016 and 2015, respectively.

Property and Equipment, Net

Property and equipment is stated at cost and includes expenditures for items which have an estimated useful life of more than one year. Maintenance, repairs and minor replacements are expensed as incurred. Depreciation is provided for under the straight-line method based on expected useful lives. Gains or losses on dispositions are reflected in income.

Revenue Recognition

The Company recognizes revenue when the title passes to its customers, which is upon delivery to a common carrier. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended March 31, 2016 was approximately \$3,000.

INDO COUNT GLOBAL, INC.**Notes to Financial Statements****March 31, 2016 and 2015****NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Shipping and Handling

A third party service provider is used by the Company to warehouse the inventory and provide shipping services. Shipping and handling costs are included in selling and shipping expense on the income statement. The shipping expense is included in the warehouse expenses and totaled approximately \$1,342,000 and \$705,000 for the years ended March 31, 2016 and 2015, respectively.

Income Taxes

The Company is a "C" Corporation and is subject to federal, state and local income taxes.

Deferred income taxes reflect the impact of "temporary differences" between the amounts of assets and liabilities for financial reporting purposes and such amounts measured by tax laws and regulations. The type of temporary differences that gave rise to deferred taxes at March 31, 2016, and 2015 are tax inventory capitalization costs.

The total deferred tax asset of \$105,000 and \$48,000 at March 31, 2016 and 2015, respectively, have been recorded due to certain qualified costs deducted for financial reporting purposes being capitalized into the inventories for tax purposes. When necessary, valuation allowances are established to reduce deferred tax assets to the amounts expected to be realized.

FASB ASC Topic 740, *Income Taxes*, provides standards for establishing and classifying any tax provisions for uncertain tax positions and recognizing any interest and penalties.

The Company's policy is to recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. The Company is no longer subject to federal or state and local income tax examinations by tax authorities for years before the year ended March 31, 2012.

NOTE 2: PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following at March 31,:

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 131,037	\$ 131,037
Furniture and fixtures	14,084	14,084
Office Equipment	9,130	-
	<u>154,251</u>	<u>145,121</u>
Less: Accumulated depreciation and amortization	<u>145,882</u>	<u>145,121</u>
Property and equipment, net	<u>\$ 8,369</u>	<u>\$ -</u>

Depreciation amounted to \$761 for the year ended March 31, 2016.

INDO COUNT GLOBAL, INC.**Notes to Financial Statements****March 31, 2016 and 2015****NOTE 3: RESTRICTED CASH**

The restricted cash balance at March 31, 2016 and 2015 totaled \$1,000,000 and \$1,700,000, respectively, and is used as collateral for the Company's borrowing facilities.

NOTE 4: DUE TO / FROM FACTOR

On July 2, 2015, the Company entered into a factoring agreement with a financial institution where the Company sells approved accounts with or without recourse. The agreement also provides for a line of credit for advances based on a formula as defined in the agreement not to exceed \$19,000,000. The interest is accrued on the loan at rates based on 90-day LIBOR plus 2%. The financial institution has been given a security interest in substantially all of the Company's assets. The loan also requires a deposit to be maintained as collateral during the term of the credit facility, which is discussed in Note 3. There is a limited guarantee by the parent company, up to \$7,000,000. The agreement contains certain restrictive covenants. The Company had outstanding borrowings against the credit facility in the amount of \$10,372,376 and outstanding factored balances due from the facility in the amount of \$4,978,370 for a net balance due to the factor in the amount of \$5,394,006.

NOTE 5: LOAN PAYABLE - BANK

On June 18, 2013, the Company entered into a \$6,000,000 revolving credit facility with a foreign financial institution with an interest rate of 6% per annum. On August 24, 2014, the revolving commitment increased to \$8,500,000. The loan was repaid on July 7, 2015.

NOTE 6: SUBORDINATED DEBT – RELATED-PARTY

As required by the factoring agreement noted in Note 4, the Company has subordinate \$3,000,000 of trade payable due to its parent to the financial institution. This loan is long-term and non-interest bearing.

NOTE 7: COMMITMENTS AND CONTINGENCIESConcentration of Credit Risk

The Company maintains its cash and cash equivalents at financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC"). Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits up to the combined amount of \$250,000.

At March 31, 2016 and 2015, cash balances were in excess of FDIC insurance limits by approximately \$1,070,000 and \$5,213,000, respectively. Substantially all of the Company's cash was on deposit at one major bank for the year ended March 31, 2016 and two major banks for the year ended March 31, 2015.

Financial instruments, other than cash balances, that potentially subject the Company to concentration of credit risk, relate primarily to accounts receivable. At March 31, 2016, and 2015, the Company had a balance due from one major customer which is considered a concentration.

INDO COUNT GLOBAL, INC.**Notes to Financial Statements****March 31, 2016 and 2015****NOTE 7: COMMITMENTS AND CONTINGENCIES (CONTINUED)**Operating Leases

The Company leases showroom space under an operating lease that will expire in July 2016. The remaining minimum annual lease payments (exclusive of real estate taxes, insurance, etc.) as of March 31, 2016 totals approximately \$53,000.

Rent expense charged to operations was approximately \$158,000 and \$159,000 for the years ended March 31, 2016 and 2015, respectively.

Major Customers

The Company sold 88% of its product to one customer for the year ended March 31, 2016. The total amounts due from this customer was approximately \$2,858,000 at March 31, 2016.

The Company sold 86% of its product to the same one customer for the year ended March 31, 2015. The total amounts due from this customer was approximately \$1,407,000 at March 31, 2015.

Related Party and Major Supplier

The Company purchased 100% of its products from the overseas Parent Company for the years ended March 31, 2016 and 2015. The balance owed to the Parent Company for such trade payables was approximately \$14,222,000 (of which \$3,000,000 is subordinated to the financial institution) and \$7,441,000 at March 31, 2016 and 2015, respectively.

NOTE 8: 401(K) PLAN

On June 1, 2015, the Company adopted a defined contributions 401(K) Plan covering all eligible employees of the Company. Employees are eligible to become contributing participants of the Plan on the first day of employment. The Plan is subject to the provisions of Employment Retirement Income Security Act of 1974 ("ERISA"). The Company's contribution to the Plan for year ended March 31, 2016 was approximately \$10,000 and is included in salaries and benefits on the schedules of operating expenses.

INDO COUNT GLOBAL, INC.**Notes to Financial Statements****March 31, 2016 and 2015****NOTE 9: INCOME TAXES**

The components of income tax expense are:

March 31, 2016	Federal	State & Local	Total
Current	\$ 395,067	\$ 40,695	\$ 435,762
Deferred benefit	<u>(50,000)</u>	<u>(7,000)</u>	<u>(57,000)</u>
Total	<u>\$ 345,067</u>	<u>\$ 33,695</u>	<u>\$ 378,762</u>
March 31, 2015	Federal	State & Local	Total
Current	\$ 279,447	\$ 75,699	\$ 355,146
Deferred benefit	<u>(6,000)</u>	<u>(3,000)</u>	<u>(9,000)</u>
Total	<u>\$ 273,447</u>	<u>\$ 72,699</u>	<u>\$ 346,146</u>

NOTE 10: ROYALTY

In the current year, The Company and its Parent Company entered into an agreement with a non-related entity. The agreement grants both entities the right to distribute merchandise under a patent. The Parent Company will make all the required payments under the agreement.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the balance sheet through May 5, 2016 the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDO COUNT GLOBAL, INC.
Supplementary Information
Schedules of Cost of Goods Sold
For the Years Ended March 31,

	<u>2016</u>	<u>2015</u>
Inventories – beginning	\$ 10,236,275	\$ 7,177,341
Purchases	<u>52,124,124</u>	<u>31,948,519</u>
	62,360,399	39,125,860
Inventories – ending	<u>(21,464,346)</u>	<u>(10,236,275)</u>
Total Cost of Goods Sold	<u>\$ 40,896,053</u>	<u>\$ 28,889,585</u>

See Independent Auditors' Report.

INDO COUNT GLOBAL, INC.

Supplementary Information

Schedules of Operating Expenses

For the Years Ended March 31,

	<u>2016</u>	<u>2015</u>
Selling and Shipping		
Warehouse expenses	\$ 1,342,473	\$ 704,942
Commissions	745,991	673,889
Showroom expenses	155,992	38,866
Travel and entertainment	31,792	9,081
Advertising and promotion	<u>2,760</u>	<u>-</u>
	<u>\$ 2,279,008</u>	<u>\$ 1,426,778</u>
 General and Administrative		
Salaries and benefits	\$ 397,213	\$ 59,769
Professional fees	623,404	447,476
Rent and utilities	166,485	164,744
Computer expenses	151,830	139,154
Bank charges and other fees, net	49,905	51,149
Office, stationery and printing	43,924	13,957
Insurance	28,421	29,009
Charitable contributions	28,000	46,000
Payroll taxes	<u>-</u>	<u>5,007</u>
	<u>\$ 1,489,182</u>	<u>\$ 956,265</u>