

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBDISIARIES**

**Consolidated Financial Statements and  
Independent Auditors' Report**

**March 31,2018**



**CHUGH CPAs, LLP**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholder  
of LT Overseas North America, Inc.

We have audited the accompanying consolidated financial statements of LT Overseas North America, Inc. (a California corporation) and subsidiaries, which comprise the consolidated balance sheet as of March 31, 2018, and the related consolidated statements of income, changes in 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 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 of America; 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 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 entity'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 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 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 financial position of LT Overseas North America, Inc. and subsidiaries as of March 31, 2018, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Chugh CPA LLP*

Chugh CPAs, LLP  
Cerritos, CA  
May 17, 2018

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,016,147	\$ 1,900,788
Accounts receivable, net (allowance for doubtful accounts of \$233,254 as of March 31, 2018 and March 31, 2017, respectively)	20,640,496	17,128,728
Advances to vendors	2,681,637	1,179,794
Accounts receivable - related parties	78,481	78,481
Advances to related parties	13,123,291	13,411,961
Inventories	25,820,612	18,692,054
Inventories in transit	17,722,938	12,062,821
Prepaid expenses and other current assets	240,178	118,264
Deferred tax assets	1,369,768	1,603,715
<b>TOTAL CURRENT ASSETS</b>	<b>82,693,547</b>	<b>66,176,606</b>
<b>NONCURRENT ASSETS</b>		
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>9,152,370</b>	<b>3,990,349</b>
<b>INTANGIBLES</b>		
Trademarks	6,677,841	6,677,841
Goodwill	3,300,000	3,300,000
Non compete rights	3,000,000	3,000,000
Distributor network	2,000,000	2,000,000
Loan costs	67,762	55,062
Less: Accumulated amortization	(4,458,864)	(4,013,250)
<b>INTANGIBLES, NET</b>	<b>10,586,738</b>	<b>11,019,653</b>
<b>OTHER ASSETS</b>		
Security deposits and other assets	223,653	222,973
Deferred tax assets	552,758	621,214
<b>TOTAL OTHER ASSETS</b>	<b>776,411</b>	<b>844,187</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>20,515,520</b>	<b>15,854,189</b>
<b>TOTAL ASSETS</b>	<b>\$ 103,209,066</b>	<b>\$ 82,030,795</b>

See accompanying independent auditors' report and notes to consolidated financial statements.

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Current portion of long term loan payable to bank	\$ 2,130,917	\$ 2,002,917
Bank line of credit	26,503,209	22,264,105
Current portion of bank equipment loan	1,232,029	-
Accounts payable	4,728,418	2,990,813
Income tax payable	4,857,966	4,482,494
Accrued expenses & other payables	2,021,609	4,274,284
Advances from customers	201,627	100,045
Payable to related party	232,799	688,812
Payable to related party for inventories in transit	17,722,938	12,062,821
Deferred rent	10,352	11,357
Deferred tax liabilities	98,125	127,712
<b>TOTAL CURRENT LIABILITIES</b>	<b>59,739,989</b>	<b>49,005,359</b>
<b>LONG-TERM LIABILITIES</b>		
Loan payable to bank, net of current portion	6,387,937	5,372,188
Bank equipment loan, net of current portion	2,584,928	-
Deferred rent	5,964	16,316
Deferred tax liabilities	101,325	420,403
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>9,080,154</b>	<b>5,808,907</b>
<b>TOTAL LIABILITIES</b>	<b>68,820,144</b>	<b>54,814,266</b>
<b>STOCKHOLDER'S EQUITY</b>		
Common stock, no par value, 1,000,000 shares authorized; 338,500 and 238,500 shares issued and outstanding as of March 31, 2018 and March 31, 2017, respectively	4,770,000	4,770,000
Additional paid-in capital	2,000,000	2,000,000
Retained earnings	27,618,923	20,446,529
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>34,388,923</b>	<b>27,216,529</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 103,209,066</b>	<b>\$ 82,030,795</b>

See accompanying independent auditors' report and notes to consolidated financial statements.

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>SALES</b>		
Gross sales	\$ 168,923,146	\$ 140,032,065
Less: Sales returns & discounts	(2,353,864)	(1,612,043)
<b>NET SALES</b>	<b>166,569,282</b>	<b>138,420,022</b>
<b>LESS: COST OF GOODS SOLD</b>		
Beginning inventory	30,754,875	21,948,623
Purchases, net of discounts	136,382,561	111,325,954
Other direct costs	12,940,428	9,451,444
Ending inventory	(43,543,550)	(30,754,875)
	<b>136,534,316</b>	<b>111,971,146</b>
<b>GROSS PROFIT</b>	<b>30,034,966</b>	<b>26,448,876</b>
<b>LESS: OPERATING EXPENSES</b>	(17,618,205)	(16,416,406)
<b>INCOME FROM OPERATIONS</b>	<b>12,416,763</b>	<b>10,032,470</b>
<b>LESS: OTHER INCOME (EXPENSE)</b>		
Interest income	123,774	42,103
Interest expense	(1,070,004)	(835,574)
Rental income	297,219	-
Loss on investment	-	(32,801)
	(649,010)	(826,272)
<b>INCOME BEFORE INCOME TAX</b>	<b>11,767,752</b>	<b>9,206,198</b>
<b>LESS: INCOME TAX EXPENSE</b>	(4,595,358)	(3,461,938)
<b>NET INCOME</b>	<b>\$ 7,172,394</b>	<b>\$ 5,744,259</b>

See accompanying independent auditors' report and notes to consolidated financial statements.

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Additional Paid</u> <u>in Capital</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u>
Balance at March 31, 2016	238,500	\$ 4,770,000	\$ 2,000,000	\$ 14,702,270	\$ 21,472,270
Shares issued	100,000	-	-	-	-
Net income during the period	-	-	-	5,744,259	5,744,259
Balance at March 31, 2017	<b>338,500</b>	<b>4,770,000</b>	<b>2,000,000</b>	<b>20,446,529</b>	<b>27,216,529</b>
Net income during the period	-	-	-	7,172,394	7,172,394
<b>Balance at March 31, 2018</b>	<b>338,500</b>	<b>\$ 4,770,000</b>	<b>\$ 2,000,000</b>	<b>\$ 27,618,923</b>	<b>\$ 34,388,923</b>

See accompanying independent auditors' report and notes to consolidated financial statements.



**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 7,172,394	\$ 5,744,259
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncontrolling interest	-	32,796
Doubtful accounts written off	-	(30,420)
Provision for doubtful accounts	-	30,420
Depreciation & amortization	1,281,537	1,438,383
Deferred income taxes	(46,262)	(965,135)
<u>(Increase) decrease in assets:</u>		
Accounts receivable	(3,511,768)	(3,518,245)
Advances to vendors	(1,501,843)	(562,666)
Inventories	(7,128,558)	3,256,569
Inventories in transit	(5,660,117)	(12,062,821)
Prepaid expenses and other current assets	(121,914)	(15,508)
Security deposits and other assets	(680)	67,777
<u>Increase (decrease) in liabilities:</u>		
Accounts payable	1,737,605	384,053
Income taxes payable	375,472	904,078
Accrued expenses & other payables	(2,252,675)	(1,356,382)
Advances from customers	101,582	(58,092)
Deferred rent	(11,357)	(11,357)
	<u>(16,738,975)</u>	<u>(12,466,549)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(9,566,581)</b>	<b>(6,722,290)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Property and equipment additions	(4,192,502)	(601,780)
Capital work in progress	(1,805,442)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,997,944)</b>	<b>(601,780)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on loan payable to bank	(2,056,251)	(4,418,179)
Proceeds from loan payable to bank	3,200,000	9,041,836
Bank equipment loan	3,816,957	
Bank line of credit payments	(172,398,601)	(179,572,521)
Bank line of credit proceeds	176,637,705	177,482,073
Payments on equipment finance obligation	-	(77,825)
Accounts receivable - related parties	-	1,011,102
Advances to related parties	288,670	(3,946,745)
Payable to related party	5,204,104	9,233,465
Loan cost	(12,700)	(55,062)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>14,679,884</b>	<b>8,698,144</b>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(884,641)	1,374,074
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	1,900,788	526,714
<b>CASH AND CASH EQUIVALENTS, END OF THE PERIOD</b>	<b>\$ 1,016,147</b>	<b>\$ 1,900,788</b>
<u>Supplementary information:</u>		
Interest paid	\$ 927,776	\$ 773,689
Income taxes paid	4,266,350	3,515,813
Noncash issuance of shares	-	2,000,000
Noncash activity:		
Property equipment additions through bank equipment loan	\$ 1,778,123	-

See accompanying independent auditors' report and notes to consolidated financial statements.

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

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**1. Nature of Operations**

LT Overseas North America, Inc. (LTONA or the “Company”) was incorporated in California on November 2, 2007. LTONA is a wholly owned subsidiary of LT Foods Limited, India, the parent company. The Company and its subsidiaries described below are collectively referred to as the “Group”.

In 2007, LTONA purchased 100% outstanding stocks of LT Foods Americas, Inc. (formerly known as Kusha, Inc.), a California Corporation incorporated in November 1992. In November 2016, Kusha, Inc. permanently changed its name to LT Foods Americas, Inc. The Company is an importer and distributor of rice, grape seed oil, tea and other packaged grocery items. Its area of distribution is dispersed geographically throughout the United States and includes area of Canada.

In September 2010, LTONA formed LT Foods USA LLC, a partnership in Texas and is engaged in real estate renting.

In July 2012, Universal Traders, Inc. was incorporated in the state of California. Concurrently, Universal Traders, Inc. issued 10,000 shares of its 1,000,000 authorized one class of shares of stock at no par value to LTONA for \$10,000. This corporation is engaged in importing and supplying products to LT Foods Americas, Inc. exclusively.

During 2012, LTONA partnered with Curry Delights formed Royal Curry-Delights, a California Limited Liability Company. Royal Curry-Delights is engaged in the manufacturing of sauces, curries and other curry products. It ceased operations in the fourth quarter of 2015.

In February 2014, LTONA formed Ecolife, LLC, single member LLC in California to engage in importing and distributing of organic products. As of March 31, 2018, Ecolife, LLC has not started its operations.

In September 2017, LTONA incorporated wholly owned subsidiary Nature Bio Foods, Inc. in California to engage in importing and distributing of organic-ingredients. As of March 31, 2018, Nature Bio Foods, Inc. has not started its operations.

**2. Summary of Significant Accounting Policies**

**Basis of Consolidation**

The consolidated financial statements include the accounts of LT Overseas North America, Inc., and its direct and indirectly owned subsidiaries:

LT Foods Americas, Inc. (formerly known as Kusha, Inc.)  
LT Foods USA, LLC  
Universal Traders, Inc.

All inter-company balances and transactions have been eliminated.

**2. Summary of Significant Accounting Policies - continued**

**Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount reported in the consolidated financial statement and accompanying notes. Estimates are made for, but not limited to the accounting for provision for doubtful accounts, depreciation and amortization, commission, warehousing costs, taxes and contingencies. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of reporting cash flows, the Group considers all highly liquid debt instruments purchased with an original maturity of three months or less.

**Accounts Receivable**

Allowance for doubtful accounts is maintained with respect to accounts determined to be uncollectible in the current period. Management determines the allowance for doubtful accounts based upon historical experience and assessment of the collectibility of existing specific accounts. Accounts are written off against the allowance when they are deemed uncollectible.

**Revenue Recognition**

Revenue is recognized when the risks and rewards of ownership have transferred to the buyer. The Company recognized the sale of all products upon shipment of goods.

**Inventories**

Inventories are stated at cost (first-in, first-out method). Cost includes both direct and other costs that are incurred to bring the inventory to its present condition and location. Other costs include freight, customs, exam fees, warehousing costs and other indirect costs. Warehousing costs are estimates based on previous experience.

**Income Taxes**

The Group accounts for income taxes in accordance with the FASB ASC 740- Income Taxes, which requires an asset and liability approach to financial accounting and reporting of income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

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**2. Summary of Significant Accounting Policies - continued**

The Group adopted the provisions of FASB ASC Topic 605 (formerly FASB interpretation No. 48), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement 109". Benefits from tax positions are recognized in the financial statements only when it is more likely than not that the tax position will be sustained upon examination by the appropriate taxing authority that would have full knowledge of all relevant information. Recognized income tax positions are measured at the largest amount that has a greater than 50% likelihood of being realized. Changes in recognition of measurement are reflected in the period in which the change in judgment occurs.

Based on its current evaluation, the Group has concluded there are no significant uncertain tax positions requiring recognition in the company's consolidated financial statements.

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

Building	39 & 1/2 years
Leasehold improvements	Lesser of the estimated useful life of the improvement or remaining lease term
Furniture and fixtures	5 years
Office and computer equipment	5 years
Warehouse equipment	5 years
Vehicles	5 years

Expenditures for repairs and maintenance are charged to expense when incurred. Additions, major renewals and replacements that increase the property's useful life are capitalized.

**Impairment of Long-Lived Assets**

The Group is required, under current accounting standards to review the carrying value of its long-lived assets, whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of March 31, 2018, management has determined that no impairment exists. Accordingly, no adjustments have been made to the carrying values of long-lived assets.

**2. Summary of Significant Accounting Policies - continued**

**Goodwill and Other Intangible Assets**

Under FASB ASC 350 – Intangibles Goodwill and Other, the excess over the fair value of identifiable net assets obtained in business acquisitions is carried at cost. Such goodwill is tested for impairment at least annually, or more frequently upon the occurrence of an event or when circumstances indicate that a “reporting unit” carrying amount is greater than its fair value. Impairment testing involves a two-step process that begins with the estimation of the fair value of the related “reporting unit”, which is defined as an operating segment, and results in the management of the amount of impairment by the allocation of the fair value to the identifiable assets of the reporting unit. As of March 31, 2018, no impairment of goodwill has occurred.

Other intangible assets consist of trademarks, non-compete rights and distributor network, which were acquired in business acquisitions. Non-compete rights and distributor network are being amortized on a straight-line basis over their estimated useful lives of 10 years, and 15 years, respectively. Amortization expense for years ended March 31, 2018 and 2017 were approximately \$433,000 and \$433,000, respectively.

**Loan Cost**

Loan costs are capitalized and amortized on straight-line basis over the life of the related loan. Amortization expense for years ended March 31, 2018 and 2017 were approximately \$17,000 and \$67,000, respectively.

**Investment**

The Company records its investment in another entity (“investee”) under the cost method when the Company has no substantial influence over the investee and investment does not have readily determinable fair value. In assessing impairment, the Company evaluates whether an investment is impaired generally consists of whether an event or change in circumstances has occurred during the reporting period that may have a significant adverse effect on the fair value of the investment. As at March 31, 2018, the Company did not have this type of investment to account under this method.

The Company uses the equity method of accounting to account for investment in another entity when the Company has significant influence over investee. Under this method, the Company recognizes its share of the profits and losses of the investee in the periods when these profits and losses are also reflected in the accounts of the investee. Any profit or loss recognized by the Company is included in the income statement. Also, any recognized profit increases the investment, while any recognized loss decreases the investment. When the Company’s carrying value is reduced to zero, no further losses are recorded in the Company’s financial statements. When the investee company subsequently reports income, the Company will not record its share of such income until it equals the amount of its share of losses not previously recognized.

**2. Summary of Significant Accounting Policies - continued**

**Accrued Compensated Absences**

Employees of the Group are entitled to paid vacation and paid sick days depending on length of service and other factors. As of March 31, 2018 and March 31, 2017, accrued compensation absences were approximately \$106,000 and \$265,000, respectively.

**Shipping and Handling**

Amounts billed to customers related to shipping and handling are included in sales. During the years ended March 31, 2018 and 2017, shipping and handling costs were approximately \$246,000 and \$268,000, respectively.

**Advertising Cost**

The Group follows the policy of charging the cost of advertising to expense as incurred.

**Subsequent Events**

Management evaluated all activity of the Group through May 17, 2018 (the issuance date of the consolidated financial statements). Except the following, the management concluded that there were no other subsequent events have occurred that would require recognition in the consolidated financial statements or disclosure in the related notes to the consolidated financial statements.

**3. Reclassification**

Certain reclassifications have been made in the financial statements of prior period to conform to the classification used in the current period. These changes have no impact on previously reported net income or stockholder's equity of the Group.

**4. Major Customers and Suppliers**

Four customers combined, make up a total of approximately 46% and 47%, respectively, of the Company's total sales for the years ended March 31, 2018 and 2017. As at March 31, 2018 and 2017, approximately 37% and 40%, respectively, of the Company's accounts receivables were owed from these customers, thereby increasing the level of credit risk due to the concentration of accounts receivable. See Note 5 Credit Risk.

Four major suppliers, which are related parties, make up a total of approximately 84% and 82% of the Company's total purchases for the years ended March 31, 2018 and 2017. As at March 31, 2018 and 2017, the accounts payable to these suppliers were approximately 60% and 17%, respectively.

**LT OVERSEAS NORTH AMERICA, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**5. Credit Risks**

In the normal course of business, the Group maintains its cash balances in a financial institution, which at times may exceed federally insured limits. The Group has not experienced any losses in such account and believes it is not subject to any significant credit risk as all its deposits are maintained in a high credit, quality financial institution.

The Group is also subject to credit risks through trade accounts receivable as these are unsecured. Additionally, substantial portion of the trade accounts receivable are with major customers. However, credit risk on trade accounts receivable is minimized because of the client base being large national companies and businesses with good receivable collection histories.

**6. Inventories**

Inventories consisted of the following:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Rice	\$ 23,645,637	\$ 16,990,093
Grape seed oil	481,195	356,100
Flour	499,944	294,160
Beans, lentils and other grains	452,758	315,533
Other packaged items	45,118	109,917
Packaging material	695,960	626,251
Subtotal	25,820,612	18,692,054
Inventories in transit	17,722,938	12,062,821
Total	<u>\$ 43,543,550</u>	<u>\$ 30,754,875</u>

The inventories in transit costs only includes purchase price.

**7. Property and Equipment**

Property and equipment consisted of the following:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Land	\$ 1,534,755	\$ 864,755
Building	5,030,245	1,575,245
Furniture and fixtures	588,757	588,757
Office and computer equipment	223,602	223,601
Leasehold improvements	401,911	334,409
Warehouse equipment	3,013,840	3,013,840
Gross block	10,793,110	6,600,607
Less: accumulated depreciation	(3,446,182)	(2,610,258)
	7,346,928	3,990,349
Capital work in progress	1,805,442	-
Net	<u>\$ 9,152,370</u>	<u>\$ 3,990,349</u>

**LT OVERSEAS NORTH AMERICA, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**7. Property and Equipment - continued**

Depreciation expense for the years ended March 31, 2018 and 2017 were approximately \$836,000 and \$939,000, of which \$608,000 and \$756,000, respectively, were part of cost of goods sold.

During the year, the Company started to setup food processing equipment facility at Houston, Texas. All costs relating to setup of this facility are capitalized under Capital work-in progress. The plant is expected to be ready to use for business in June 2018. As of March 31, 2018, capital work in progress costs totaled \$1,805,442.

**8. Related Party Transactions**

LT Foods Americas, Inc. and Universal Traders, Inc. buy inventory from its affiliates. Purchases from affiliates during the years ended March 31, 2018 and 2017 are summarized as follows:

Name of affiliate	March 31, 2018		March 31, 2017	
	Purchases	%	Purchases	%
LT Foods Limited, India	\$ 15,041,825	11	\$ 9,100,159	8
Dawaat Foods Limited- subsidiary of parent company	17,554,776	13	24,417,468	22
Ragunathan Agro Industries Ltd.- subsidiary of parent company	6,148,864	5	18,022,225	17
Nature Bio-Foods Ltd. - subsidiary of parent company	15,476,796	12	8,191,030	8
LT Foods Int'l Ltd. - UK	62,863,175	48	37,751,443	35
LT Foods Middle East	225,334	-	-	-
	<u>\$ 117,310,770</u>	<u>89</u>	<u>\$ 97,482,325</u>	<u>90</u>

Summaries of related party receivables as of March 31, 2018 and March 31, 2017 are as follows:

Name of affiliate	March 31, 2018	March 31, 2017
Ragunathan Agro Industries Ltd	\$ 78,481	\$ 78,481

Summaries of advances to related parties as of March 31, 2018 and March 31, 2017 are as follows:

Name of affiliate	March 31, 2018	March 31, 2017
LT Foods Limited, India	\$ -	\$ 1,148,451
Dawaat Foods Limited	10,040,421	11,924,315
Ragunathan Agro Industries Ltd.	170,566	339,195
LT Foods Int'l Ltd. - UK	1,520,856	-
LT Foods Europe	1,391,448	-
	<u>\$ 13,123,291</u>	<u>\$ 13,411,961</u>



**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

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**8. Related Party Transactions - continued**

Summaries of payable to related party as of March 31, 2018 and March 31, 2017 are as follows:

<b>Name of affiliate</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
LT Foods Limited, India	\$ 146,269	\$ 464,140
Dawaat Foods Limited	-	162,016
Nature Bio-Foods Ltd.	21,950	62,656
LT Foods Middle East	64,580	-
	<u>\$ 232,799</u>	<u>\$ 688,812</u>

Summaries of payable to related party for inventories in transit as of March 31, 2018 and March 31, 2017 are as follows:

<b>Name of affiliate</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
LT Foods Limited, India	\$ 4,632,335	\$ 12,062,821
Dawaat Foods Limited	7,616,379	-
Ragunathan Agro Industries Ltd.	3,193,533	-
Nature Bio-Foods Ltd.	2,280,691	-
	<u>\$ 17,722,938</u>	<u>\$ 12,062,821</u>

**9. Investment**

In May 2014, LT Foods Americas, Inc. (formerly Kusha, Inc.) with Daawat Foods Limited, related party, purchased Fresco Fruits N Nuts Private Limited, an India based company. Kusha's ownership interest in the investment is 49% and is accounted on equity method. Transactions of the investment in affiliate consisted of the following:

Purchase price at cost	\$ 83,050
Investment additions during the year 2015	250,000
Accumulated net earnings (losses)	<u>(333,050)</u>
Investment carrying value at March 31, 2018	<u>-</u>

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**10. Income Taxes**

Components of income tax expense (benefit) relating to earnings from operations for the years ended March 31, 2018 and 2017 are as follows:

	<b>March 31, 2018</b>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 3,653,396	\$ 32,786	\$ 3,686,182
State	988,810	(79,634)	909,176
Total	<u>\$ 4,642,206</u>	<u>\$ (46,848)</u>	<u>\$ 4,595,358</u>

  

	<b>March 31, 2017</b>		
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ 3,517,473	\$ (821,021)	\$ 2,696,452
State	909,601	(144,115)	765,486
Total	<u>\$ 4,427,074</u>	<u>\$ (965,136)</u>	<u>\$ 3,461,938</u>

Significant components of deferred tax assets and liabilities are as follows:

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
<b>Deferred tax assets</b>		
Current		
Allowance for bad debt	\$ 67,584	\$ 97,895
State tax	450,994	390,885
Accrued bonus	144,929	83,971
Accrued vacation	30,657	111,263
Section 263A	544,221	727,975
Share in net losses in investment	98,141	142,158
Deferred rent	3,001	4,768
Capital loss	30,240	44,800
Total	<u>1,369,768</u>	<u>1,603,715</u>
Non-current		
Deferred rent	1,729	6,850
Depreciation and amortization	551,029	614,364
	<u>552,758</u>	<u>621,214</u>
Less: Valuation allowance	-	-
Total deferred tax assets	<u>\$ 1,922,7527</u>	<u>\$ 2,224,929</u>
<b>Deferred tax liabilities</b>		
Current		
State taxes	\$ 98,125	\$ 127,712
Non-current		
Depreciation and amortization	101,325	420,403
Total deferred tax liabilities	<u>\$ 194,450</u>	<u>\$ 548,115</u>

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

**10. Income Taxes - continued**

The Tax Cuts and Jobs Act (the “Tax Act”) was enacted on December 22, 2017. Among the significant changes to the U.S. Internal Revenue Code, the Tax Act lowers the U.S. federal corporate income tax rate (“Federal Tax Rate”) from 35% to 21% effective January 1, 2018. The Company will compute its income tax expense using a blended Federal Tax Rate of 30.75%, by applying a prorated percentage of the number of days prior to and subsequent to the effective date. The 21% Federal Tax Rate will apply to fiscal years ending March 31, 2019.

The 30.75% Federal Tax Rate will apply to earnings reported for the full 2018 fiscal year. Accordingly, the first three quarter income previously subject to tax at the 34% will benefit from the 30.75% Federal Tax Rate. The Company will re-measure its net deferred tax assets and liabilities using Federal Tax Rate that will apply when these amounts are expected to reverse. The effect of the re-measurement is reflected in the period that includes the enactment date and is allocated directly to income tax expense.

**11. Revolving and Term Loans**

In September 2016, LT Foods Americas, Inc. (formerly Kusha, Inc.) and LT Foods USA, LLC entered into credit agreement for revolving commitment, real estate term loan, term loan and CapEx commitment. The all loans except real estate loans are payable in full in September 2021 (maturity date). Collateral includes all property owned, leased or operated by the loan parties. In conjunction with the credit agreement, the Group agreed to observe certain covenants. Detail of various loan commitment are as follows:

<b>Type of Loan</b>	<b>Commitment Amount</b>	<b>Rate of Interest</b>	<b>Monthly Payment Amount</b>
Revolving loan	\$35 million	Prime + 1.50%	-
Real estate term loan A	\$2.325 million	Prime + 1.75%	\$9,687
Real estate term loan B	\$3.2 million	Prime + 2.00%	\$10,667
Term loan	\$5 million	Prime + 2.50%	\$138,889
CapEx loan	\$1.5 million	Prime + 1.75%	\$18,333

**Term Loan:**

Current and long-term bank loans consisted of the following:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Real estate loan	\$ 5,248,854	\$ 2,218,438
Term loan	2,500,000	4,166,667
CapEx loan	770,000	990,000
Total	8,518,854	7,375,105
Less: current maturities	(2,130,917)	(2,002,917)
Long-term bank loans	<u>\$ 6,387,937</u>	<u>\$ 5,372,188</u>

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

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**11. Revolving and Term Loans - continued**

Principal repayments on bank loans over the next five years are as follows:

Years ending March 31,

2019	\$	2,130,917
2020		1,297,583
2021		464,250
2022		406,644
2023 and subsequent		4,271,854
Total	\$	<u>8,518,854</u>

**Revolving Loan:**

As of March 31, 2018 and March 31, 2017, approximately \$177million and \$177million, respectively, were drawn under revolving loan. Outstanding balances were approximately \$27 million and \$22 million, respectively as of March 31, 2018 and March 31, 2017.

**12. Bank Equipment Loan**

LT Foods Americas, Inc. (LTFA) entered into a secured debt financing with a bank to obtain a food processing equipment, for a loan amount of \$3.3million for 5 years and \$618,000 for 13 months. The transaction is guaranteed by LT Foods Americas, Inc., LT Foods USA, LLC, LT Overseas North America, Inc., Universal Traders, Inc. and Ecolife, LLC. The financing transaction bears a fixed rate of 3.88% and 1.75% for long term and short-term equipment finance loan, respectively. Long term equipment finance loan is required to pay sixty consecutive monthly payments of \$60,567 and short-term equipment finance loan will mature in September 2018. During the year ended March 31, 2018, the outstanding bank equipment loan was \$3,816,957.

The schedule principal repayments on bank equipment loan over the next five years are as follows:

Year ending March 31,

2019	\$	1,232,029
2020		637,774
2021		662,964
2022		689,150
2023 and subsequent		<u>595,040</u>
Total		3,816,957
Less: current portion		<u>(1,232,029)</u>
Bank equipment loan, net of current portion	\$	<u>2,584,928</u>

**LT OVERSEAS NORTH AMERICA, INC.  
AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
MARCH 31, 2018 AND 2017**

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**13. Commitment and Contingencies**

**Operating Leases**

In January 2013, the Group signed a lease agreement under a sixty-six and one-half months term that commenced in April 15, 2013 for its California office space and warehouse. In September 2014, the Group signed a lease agreement under a sixty-three month lease term that commenced on September 1, 2014 for its warehouse in New Jersey. The Group also leases warehouse equipment, computers and furniture under a month to month operating lease agreement.

Future aggregate lease payments under non-cancelable operating leases are as follows:

Year ending March 31,	
2019	\$ 1,198,284
2020	438,846
2021	19,337
Total	<u>\$ 1,656,107</u>

Lease expense for the years ended March 31, 2018 and 2017 were approximately \$1,665,000 and \$1,678,000, respectively, of which approximately \$1,602,000 and \$1,605,000, respectively, were part of cost of goods sold.

**14. Issuance of shares**

In March 2017, the Company issued 100,000 shares of no par value to LT Foods Limited, India, parent company, in exchange for \$2,000,000 reduction of receivable from the latter. This amount is reflected as additional paid in capital.

**15. Non-controlling Interest**

Non-controlling interest in the consolidated balance sheets represents the value of the subsidiary's equity (net assets) not owned by the Company. Any net income attributable to a non-controlling interest is subtracted from the net income attributable to the consolidated entity to give the net income attributable to the parent on the consolidated income statement. The non-controlling interest recognized in these consolidated financial statements relates to non-controlling interest in Royal Curry Delights not held by the Company.

**16. 401 (k) Plan**

In January 2011, LT Foods Americas, Inc. (formerly Kusha, Inc.) established a 401 (k) Plan. All employees who meet the age and length of service requirements are eligible to participate in the plan. For the years ended March 31, 2018 and 2017, LT Foods Americas, Inc.'s contributed approximately \$120,000 and \$105,000, respectively, of which approximately \$16,000 and \$12,000, respectively, were part of cost of goods sold.



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## **INDEPENDENT AUDITORS' REPORT ON CONSOLIDATING AND SUPPLEMENTARY INFORMATION**

To the Board of Directors and Stockholder  
of LT Overseas North America, Inc.

We have audited the consolidated financial statements of LT Overseas North America, Inc. and subsidiaries as of and for the year ended March 31, 2018, and our report thereon dated May 17, 2018, which expressed an unmodified opinion on those financial statements, appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and supplementary information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it 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 consolidating and supplementary 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 or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating and supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Chugh CPAs LLP  
Cerritos, CA  
May 17, 2018

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**SCHEDULES OF CONSOLIDATED OPERATING EXPENSES**  
**FOR THE YEARS ENDED MARCH 31, 2018 AND 2017**

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	<b>2018</b>	<b>2017</b>
Advertising	\$ 3,249,245	\$ 2,661,981
Automobile expense	278,859	242,772
Bad debt	-	30,420
Bank charges	72,053	156,088
Bonus	33,733	943,176
Business gifts	150,201	246,704
Commission	732,192	687,505
Depreciation and amortization	673,460	677,250
Dues and subscriptions	88,337	69,918
Employee welfare	68,934	74,063
Freight delivery penalty charges	39,408	-
General expenses	158,465	32,054
Insurance	583,248	599,499
401(k) expenses	104,653	92,730
Legal and professional	1,895,673	1,268,597
Office expense	298,233	186,074
Payroll taxes	400,477	324,415
Postage	83,474	108,511
Promotions	1,416,940	1,997,312
Rent	65,139	73,619
Repair & maintenance	242,050	71,641
Salaries, wages and bonus	5,150,574	4,332,135
Taxes and licenses	281,834	231,286
Telephone and internet	224,350	201,356
Trade fairs and exhibitions	335,201	315,842
Travel	940,746	753,169
Utilities	50,729	38,288
	<b>\$ 17,618,205</b>	<b>\$ 16,416,406</b>
<b>TOTAL</b>	<b>\$ 17,618,205</b>	<b>\$ 16,416,406</b>

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATING BALANCE SHEET**  
**MARCH 31, 2018**

	<u>LTO NORTH AMERICA, INC.</u>	<u>LT FOODS AMERICAS, INC</u>	<u>LT FOODS USA LLC</u>	<u>UNIVERSAL TRADERS, INC.</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ -	\$ 1,005,647	\$ -	\$ 10,500	\$ -	\$ 1,016,147
Accounts receivable, net	-	20,640,496	-	-	-	20,640,496
Accounts receivable - related parties	-	78,481	-	-	-	78,481
Advances to vendors	-	2,681,637	-	-	-	2,681,637
Advances to related parties	-	13,123,291	-	-	-	13,123,291
Receivable - intercompany	1,386,580	14,842,582	372,391	-	(16,601,553)	-
Due from Kusha	591,061	-	-	-	(591,061)	-
Inventories	-	25,820,612	-	-	-	25,820,612
Inventories in transit	-	17,722,938	-	-	-	17,722,938
Prepaid expenses and other current assets	-	240,178	-	-	-	240,178
Deferred tax assets	30,241	1,339,527	-	-	-	1,369,768
<b>TOTAL CURRENT ASSETS</b>	<b>2,007,882</b>	<b>97,495,389</b>	<b>372,391</b>	<b>10,500</b>	<b>(17,192,614)</b>	<b>82,693,547</b>
<b>NONCURRENT ASSETS</b>						
<b>PROPERTY AND EQUIPMENT, net</b>	<b>-</b>	<b>2,929,358</b>	<b>6,223,011</b>	<b>-</b>	<b>-</b>	<b>9,152,370</b>
<b>INTANGIBLE ASSETS</b>						
Trademarks	-	-	-	-	6,677,841	6,677,841
Goodwill	-	-	-	-	3,300,000	3,300,000
Non compete rights	-	-	-	-	3,000,000	3,000,000
Distributor network	-	-	-	-	2,000,000	2,000,000
Loan costs	-	55,062	12,700	-	-	67,762
Accumulated amortization	-	(15,930)	(1,270)	-	(4,441,664)	(4,458,864)
<b>TOTAL INTANGIBLE ASSETS, net</b>	<b>-</b>	<b>39,132</b>	<b>11,430</b>	<b>-</b>	<b>10,536,177</b>	<b>10,586,738</b>
<b>OTHER ASSETS</b>						
Investments	17,871,149	-	-	-	(17,871,149)	-
Security deposits and other assets	-	223,653	-	-	-	223,653
Deferred tax assets	551,029	1,729	-	-	-	552,758
<b>TOTAL OTHER ASSETS</b>	<b>18,422,178</b>	<b>225,382</b>	<b>-</b>	<b>-</b>	<b>(17,871,149)</b>	<b>776,411</b>
<b>TOTAL NONCURRENT ASSETS</b>	<b>18,422,178</b>	<b>3,193,872</b>	<b>6,234,441</b>	<b>-</b>	<b>(7,334,972)</b>	<b>20,515,519</b>
<b>TOTAL ASSETS</b>	<b>\$ 20,430,060</b>	<b>\$ 100,689,261</b>	<b>\$ 6,606,832</b>	<b>\$ 10,500</b>	<b>\$ (24,527,586)</b>	<b>\$ 103,209,066</b>



**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATING BALANCE SHEET**  
**MARCH 31, 2018**

	<u>LTO NORTH AMERICA, INC.</u>	<u>LT FOODS AMERICAS, INC</u>	<u>LT FOODS USA LLC</u>	<u>UNIVERSAL TRADERS, INC.</u>	<u>ELIMINATIONS</u>	<u>CONSOLIDATED</u>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>						
<b>CURRENT LIABILITIES</b>						
Current portion of long term loan payable to bank	\$ -	\$ 1,886,667	\$ 244,250	\$ -	\$ -	\$ 2,130,917
Bank line of credit	-	26,503,209	-	-	-	26,503,209
Current portion of bank equipment loan	-	1,232,029	-	-	-	1,232,029
Accounts payable	-	4,720,649	7,269	500	-	4,728,418
Advances from customers	-	201,627	-	-	-	201,627
Income tax payable	-	4,840,310	17,656	-	-	4,857,966
Accrued expenses & other payables	-	1,942,779	78,829	-	-	2,021,609
Accounts payable - related party	-	232,799	-	-	-	232,799
Accounts payable - related party for inventories in transit	-	17,722,938	-	-	-	17,722,938
Accounts payable - intercompany	14,961,337	-	-	-	(14,961,337)	-
Payable to subsidiaries	-	-	1,640,216	-	(1,640,216)	-
Due to LTONA	-	591,061	-	-	(591,061)	-
Deferred rent	-	10,352	-	-	-	10,352
Deferred tax liabilities	34,546	62,046	1,533	-	-	98,125
<b>TOTAL CURRENT LIABILITIES</b>	<b>14,995,883</b>	<b>59,946,466</b>	<b>1,989,753</b>	<b>500</b>	<b>(17,192,614)</b>	<b>59,739,989</b>
<b>LONG TERM LIABILITIES</b>						
Loan from bank, net of current portion	-	1,383,333	5,004,604	-	-	6,387,937
Bank equipment loan, net of current portion	-	2,584,928	-	-	-	2,584,928
Deferred rent	-	5,964	-	-	-	5,964
Deferred tax liabilities	-	88,134	13,191	-	-	101,325
<b>TOTAL LONG TERM LIABILITIES</b>	<b>-</b>	<b>4,062,359</b>	<b>5,017,795</b>	<b>-</b>	<b>-</b>	<b>9,080,154</b>
<b>TOTAL LIABILITIES</b>	<b>14,995,883</b>	<b>64,008,825</b>	<b>7,007,549</b>	<b>500</b>	<b>(17,192,614)</b>	<b>68,820,144</b>
<b>STOCKHOLDER'S EQUITY</b>						
Common stock, no par value, 1,000,000 shares authorized; 338,500 shares issued and outstanding	4,770,000	100,000	-	10,000	(110,000)	4,770,000
Additional paid-in capital	2,000,000	-	-	-	-	2,000,000
Retained earnings (deficit)	(1,335,823)	36,580,436	(400,716)	-	(7,224,972)	27,618,923
<b>TOTAL STOCKHOLDER'S EQUITY</b>	<b>5,434,177</b>	<b>36,680,436</b>	<b>(400,716)</b>	<b>10,000</b>	<b>(7,334,972)</b>	<b>34,388,923</b>
<b>TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY</b>	<b>\$ 20,430,060</b>	<b>\$ 100,689,261</b>	<b>\$ 6,606,832</b>	<b>\$ 10,500</b>	<b>\$ (24,527,586)</b>	<b>\$ 103,209,066</b>

**LT OVERSEAS NORTH AMERICA, INC. AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF INCOME**  
**FOR THE YEAR ENDED MARCH 31, 2018**

	<u>LTO NORTH AMERICA, INC.</u>	<u>LT FOODS AMERICAS, INC</u>	<u>LT FOODS USA LLC</u>	<u>UNIVERSAL TRADERS, INC.</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<b>SALES</b>						
Gross sales	\$ -	\$ 169,533,243	\$ -	\$ -	\$ (610,097)	\$ 168,923,146
Less: Sales returns and discounts	-	(2,353,864)	-	-	-	(2,353,864)
<b>NET SALES</b>	<u>-</u>	<u>167,179,379</u>	<u>-</u>	<u>-</u>	<u>(610,097)</u>	<u>166,569,282</u>
<b>LESS: COST OF GOODS SOLD</b>						
Beginning inventory	-	30,754,875	-	-	-	30,754,875
Purchases, net of discount	-	136,992,658	-	-	(610,097)	136,382,561
Other direct costs	-	12,940,428	-	-	-	12,940,428
Ending inventory	-	(43,543,550)	-	-	-	(43,543,550)
<b>TOTAL COST OF GOODS SOLD</b>	<u>-</u>	<u>137,144,412</u>	<u>-</u>	<u>-</u>	<u>(610,097)</u>	<u>136,534,316</u>
<b>GROSS PROFIT</b>	<u>-</u>	<u>30,034,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,034,966</u>
<b>LESS: OPERATING EXPENSES</b>	<u>-</u>	<u>(17,099,988)</u>	<u>(84,884)</u>	<u>-</u>	<u>(433,333)</u>	<u>(17,618,205)</u>
<b>INCOME FROM OPERATIONS</b>	<u>-</u>	<u>12,934,980</u>	<u>(84,884)</u>	<u>-</u>	<u>(433,333)</u>	<u>12,416,763</u>
<b>LESS: OTHER INCOME (EXPENSE)</b>						
Interest expense	-	(946,498)	(123,506)	-	-	(1,070,004)
Interest income	-	123,774	-	-	-	123,774
Rental income	-	-	297,219	-	-	297,219
<b>OTHER INCOME (EXPENSE), NET</b>	<u>-</u>	<u>(822,724)</u>	<u>173,713</u>	<u>-</u>	<u>-</u>	<u>(649,010)</u>
<b>INCOME (LOSS) BEFORE INCOME TAX</b>	<u>-</u>	<u>12,112,256</u>	<u>88,829</u>	<u>-</u>	<u>(433,333)</u>	<u>11,767,752</u>
Less: Income tax expense	(97,213)	(4,472,145)	(25,999)	-	-	(4,595,358)
<b>NET INCOME (LOSS)</b>	<u>\$ (97,213)</u>	<u>\$ 7,640,110</u>	<u>\$ 62,830</u>	<u>\$ -</u>	<u>\$ (433,333)</u>	<u>\$ 7,172,394</u>