



CERTIFIED PUBLIC ACCOUNTANTS

TAX • AUDIT • ADVISORY

APPENDIX 13

Report of the auditors of ADF Holdings (USA) Ltd. and its Subsidiary ADF Foods (USA) Ltd. ('the Company'), to Kalyaniwalla & Mistry LLP, auditors of ADF Foods Limited Group

We have audited the accompanying Financial Statements of ADF Holdings (USA) Ltd. and its Subsidiary ADF Foods (USA) Ltd. ('the Company'), which comprises the Balance Sheet as at March 31, 2018, and the statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, a summary of significant accounting policies and other explanatory information and the accompanying special purpose financial information of the Company, together called the Fit for Consolidation Financial Statement (FFC).

Management's responsibility for the Fit for Consolidation Accounts (FFC)

The Company's Management is responsible for the preparation and fair presentation of the FFC in accordance with the instructions received from ADF Foods Limited and Kalyaniwalla & Mistry LLP, the auditors of ADF Foods Limited and the accounting policies set out in the group audit instructions. This responsibility also includes the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the FFC Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

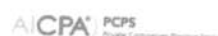
Our responsibility is to express an opinion on these FFC based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the FFC are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the FFC Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the FFC Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the FCC Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used

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*Partners*

MAURIZIO AMERI
 WILLIAM LAST
 SONNY ANAND
 JOSEPH M. CATALANO
 LUIGI PERIN
 PAOLO ZANOTTI
 MINDY PIATOFF DAYNES

Principals

A. ADELCHI ROSSI
 ANDREA OGGIONI
 GIACOMO VALORI

of Counsel

SHELDON SATLIN



and the reasonableness of the accounting estimates made by the Company's Management, as well as evaluating the overall presentation of the FFC Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the FFC Financial Statements.

Opinion

As requested by you, vide your communication dated April 30, 2018, and solely for your use for expressing an audit opinion on the Consolidated Financial Statements of ADF Foods Limited, we report that the attached FFC present fairly, in all material respects, the financial position of the Company as at March 31, 2018 and of its financial performance and cash flows for the year then ended and are properly prepared in accordance with the group accounting policies and the instructions referred to above and are in conformity with Group Accounting Policies and Instructions on a basis consistent with that of the preceding year.

We further state that, in our judgment and for the purpose as mentioned above, there are no other matters that need to be reported to you other than what is stated below:

Other matters

In particular and with respect to the Company and the other components in the ADF Foods Limited Group, referred to in Para 1.2 of the Group Audit Instructions, we are independent and comply with the applicable requirements of the International Standards on Auditing.

The FFC has been prepared for purposes of providing information to ADF Foods Limited to enable it to prepare the consolidated financial statements of ADF Foods Limited. The special purpose financial information is not a complete set of financial statements of the Company and thus not suitable for any other purpose. This report is intended solely for the purpose of expressing an audit opinion on the Consolidated financial statements of ADF Foods Limited by Kalyaniwalla & Mistry LLP and should not be used for any other purpose or distributed to other parties.

For **Funaro & Co. P.C.**
Certified Public Accountants

Sonny Anand

Sonny Anand
Partner

New York
April 30, 2018



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APPENDIX 11

Subsequent Events Review Memorandum

Kalyaniwalla & Mistry LLP
Chartered Accountants,
Esplanade House, 2nd Floor,
29, Hazarimal Somani Road, Fort
Mumbai 400001, India.

Dear Sir,

ADF Holdings (USA) Ltd. and its Subsidiary ADF Foods (USA) Ltd. ('the Company')

Subsequent Events Review Memorandum for the Year Ended March 31, 2018

We have reviewed events arising subsequent to the date of this memorandum in respect of:

- 1 Material adjusting subsequent events; and
- 2 Material non-adjusting subsequent events.

In the course of performing those procedures, no material subsequent events or transactions have come to our attention or adjustments have been discovered that should be considered by you in reporting on the consolidated financial statements of the Company for the year ended March 31, 2018.

For **Funaro & Co. P.C.**
Certified Public Accountants

Sonny Anand

Sonny Anand
Partner

New York
April 30, 2018

Partners

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APPENDIX 8

Audit Clearance Memorandum

Kalyaniwalla & Mistry LLP,
Chartered Accountants,
Esplanade House, 2nd Floor,
29, Hazarimal Somani Road, Fort,
Mumbai 400001, India.

We have examined the accompanying financial statements for ADF Holdings (USA) Ltd. and its Subsidiary ADF Foods (USA) Ltd. ('the Company'), expressed in USD for the year ended March 31, 2018. Our examination was made in accordance with International Standards on Auditing and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We confirm that the critical audit areas and unusual accounting matters have been audited. There were no significant changes affecting the audit that occurred subsequent to the preparation of the Audit Planning Memorandum.

There were no unusual accounting matters or other matters of significance noted during our audit. Based on discussions with management and our audit of the accounting records, there have been no fraud, irregularities, illegal and unusual transactions noted during the course of our Audit.

We are satisfied that:

- a) the examination was conducted in accordance with International Auditing Standards.
- b) the working papers were adequately prepared and reviewed;
- c) the working papers support the audit clearance rendered;
- d) no limitation has been placed on the scope of the audit; and

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In our opinion, the accompanying financial statements for the Company for the year ended March 31, 2018:

- a) present fairly in all material aspects the state of affairs of the Company as at March 31, 2018 and the results and changes in equity of the Company for the year ended on that date;
- b) have been properly prepared, in all material respects, to be in accordance with the Group Accounting Policy;
- c) have been prepared consistently using the Group accounting policies; and
- d) have been properly prepared in all material respects to give the information required to be shown in accordance with instructions from the Group;
- e) do not require adjustment.

We expect to issue an unqualified opinion on the financial statement.

For **Funaro & Co. P.C.**
Certified Public Accountants

Sonny Anand

Sonny Anand
Partner

New York
April 30, 2018

ADF Holdings (USA) Limited and its Subsidiary

Consolidated Balance Sheet as at March 31, 2018

Particulars	Note No.	As at	
		March 31, 2018	
		Consolidated	
		In USD	
		As at	
		March 31, 2017	
		Consolidated	
		In USD	
Assets			
Non-current assets			
Property, plant and equipment	1	669	12,485
Intangible assets	2	1,460,000	1,833,333
Loans	3	2,391	7,102
Deferred tax assets (net)	4	1,386,029	2,205,821
Other non-current assets	5	-	-
Total non-current assets		2,849,089	4,058,741
Current assets			
Inventories	6	235,077	40,869
Financial assets:			
Trade receivables	7	497,083	420,350
Cash and cash equivalents	8	596,455	633,434
Loans	9	-	2,731
Others	10	149,600	-
Other current assets	11	14,438	191,754
Total current assets		1,492,653	1,289,138
Total assets		4,341,742	5,347,879
Equity and liabilities			
Equity			
Equity share capital	12	9,415,133	9,915,000
Other equity	13	(5,915,708)	(5,292,417)
Total equity		3,499,425	4,622,583
Non-current liabilities			
Financial liabilities:			
Borrowings	14	25,000	-
Total non-current liabilities		25,000	-
Current liabilities			
Financial liabilities:			
Borrowings	15	-	-
Trade payables	16	420,497	217,951
Others	17	379,282	507,345
Other current liabilities	18	17,538	-
Total current liabilities		817,317	725,296
Total equity and liabilities		4,341,742	5,347,879

For Funaro & Co. P.C.
Certified Public Accountant



Sonny Anand
Partner

Place: New York
Date: 04/30/2018

For and on behalf of Board of Directors
ADF Holdings (USA) Limited and Subsidiary



Bimal R. Thakkar
Managing Director

Funaro & Co., P.C.

ADF Holdings (USA) Limited and its Subsidiary

Consolidated Statement of profit and loss for the year ended March 31, 2018

Particulars	Note No.	As at	As at
		March 31,2018	March 31,2017
		Consolidated	Consolidated
		In USD	In USD
Income			
Revenue from operations (net)	19	5,742,413	5,462,505
Other income	20	6,962	138,964
Total revenue		5,749,375	5,601,469
Expenses			
Purchase of stock in trade	21	3,568,791	3,155,433
Change in inventories of traded goods	22	(194,208)	(2,841)
Employee benefits expenses	23	385,650	530,650
Depreciation, amortisation and provision for impairment expenses	24	379,396	29,638
Other expenses	25	1,411,514	1,736,685
Total expenses		5,551,143	5,449,565
Profit before Tax		198,232	151,904
Tax expenses			
Current tax		1,650	1,650
Deferred tax		819,792	(79,343)
Deferred tax - Adjustment on reversal of amortisation of intangible assets			138,432
Total tax expenses		821,442	60,739
(Loss) / Profit for the year		(623,210)	91,165

For Funaro & Co. P.C.
Certified Public Accountant



Sonny Anand
Partner

Place: New York
Date: 04/30/2018

For and on behalf of Board of Directors
ADF Holdings (USA) Limited and Subsidiary



Bimal R. Thakkar
Managing Director

Funaro & Co., P.C.

Notes to consolidated financial statements

1 Property, Plant and Equipment

Particulars	Period	Plant & machinery	Computers	Furniture & fixture	Total
		In USD	In USD	In USD	In USD
Gross carrying amount					
Deemed cost as on	April 1, 2016	58,568	15,337	6,170	80,075
Additions		34,861	-	-	34,861
Deduction		71,286	1,369	158	72,813
Other adjustment		-	-	-	-
Gross carrying amount as at	March 31, 2017	22,143	13,968	6,012	42,123
Gross carrying amount as	April 1, 2017	22,143	13,968	6,012	42,123
Additions		-	1,095	-	1,095
Deduction		-	5,130	1,717	6,847
Other adjustment		-	-	-	-
Gross carrying amount as at	March 31, 2018	22,143	9,933	4,295	36,371
Accumulated depreciation as at	April 1, 2016	-	-	-	-
Additions		20,228	6,639	2,771	29,638
Deduction		-	-	-	-
Other adjustment		-	-	-	-
Accumulated depreciation as at	March 31, 2017	20,228	6,639	2,771	29,638
Accumulated depreciation as at	April 1, 2017	20,228	6,639	2,771	29,638
Additions		1,786	2,820	1,458	6,064
Deduction		-	-	-	-
Other adjustment		-	-	-	-
Accumulated depreciation as at	March 31, 2018	22,014	9,459	4,229	35,702
Net block as at	April 1, 2016	58,568	15,337	6,170	80,075
Net block as at	March 31, 2017	1,915	7,329	3,241	12,485
Net block as at	March 31, 2018	129	474	66	669

2 Intangible assets

Particulars	Period	Trade marks	Total
		In USD	In USD
Gross carrying amount as at			
Deemed cost as on	April 1, 2016	1,833,333	1,833,333
Additions		-	-
Deduction		-	-
Other adjustment		-	-
Gross carrying amount as at	March 31, 2017	1,833,333	1,833,333
Cost as on	April 1, 2017	1,833,333	1,833,333
Additions		-	-
Deduction		-	-
Other adjustment		-	-
Gross carrying amount as at	March 31, 2018	1,833,333	1,833,333
Accumulated amortisation & impairment as at	April 1, 2016	-	-
Charge for the year		400,000	400,000
Adjustment		(400,000)	(400,000)
Deduction		-	-
Other adjustment		-	-
Closing accumulated amortisation & impairment as at	March 31, 2017	-	-
Accumulated amortisation & impairment as at	April 1, 2017	-	-
Charge for the year		-	-
Adjustment		373,333	373,333
Deduction		-	-
Other adjustment		-	-
Closing accumulated amortisation & impairment as at	March 31, 2018	373,333	373,333
Net block as at	April 1, 2016	1,833,333	1,833,333
Net block as at	March 31, 2017	1,833,333	1,833,333
Net block as at	March 31, 2018	1,460,000	1,460,000

Fuaro & Co., P.C.

ADF Holdings (USA) Limited and its Subsidiary

Notes to consolidated financial statements

3 Loans		
(a) Non-current loans		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Unsecured, considered good		
Security deposits	2,391	7,102
Total	2,391	7,102

4 Deferred tax assets (net)		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Deferred tax relating to following:		
Carried forward loss (Opening)	2,205,821	2,264,910
Adjustment for Reversal of amortisation of intangible assets	-	-
Opening balance	2,205,821	-
Carried forward loss for the period	(819,792)	79,343
Adjustment on reversal of amortisation of intangible assets	-	(138,432)
Adjustment - On FCTR	-	-
Net deferred tax assets/(liabilities)	1,386,029	2,205,821

5 (a) Other non-current assets		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Capital advance	-	-
Total	-	-

6 Inventories (Valued at lower of cost and net realized value)		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Stock in trade	235,077	40,869
Total	235,077	40,869

7 Current trade receivables		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Others	497,083	420,350
Total receivables	497,083	420,350
Less: Impairment allowances	-	-
Total receivables	497,083	420,350

8 Cash and cash equivalents		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Balance with banks		
- in Current account	596,455	633,325
Cash on hand	-	109
Total	596,455	633,434

9 Current loans		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Unsecured, considered good		
Loans to related parties	-	2,731
Total	-	2,731

10 Other current financial assets		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Other	149,600	-
Total	149,600	-

11 Other current assets		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
Total	Total	Total
Unsecured, considered good		
Advance to suppliers	-	170,000
Prepayments	14,438	21,754
Total	14,438	191,754

Funaro & Co., P.C.

ADF Holdings (USA) Limited and its Subsidiary

Notes to consolidated financial statements

12 Share capital	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
Share Capital Authorized		
Preferred stock: Authorized: 100,000 Shares (Previous year 2017:100,000) @ \$ 0,0001 per Share	100	100
Common stock: Authorized: 100,000 Shares (Previous year:100,000), (Previous year 2017:100,000) @ \$ 0.001 per Share	100	100
Issued, Subscribed and Fully paid up Opening balance		
10,197 Preferred stock (Previous year 2017:11,000) @ \$ 0.001 par value	10	11
12,000 Common stock (Previous year 2017:12,000) @ \$ 0.001 par value	12	12
Additional Paid Up Capital (Common and Preferred)	9,914,978	9,499,977
Issued during the year	-	415,000
Total	9,915,000	9,915,000
Less: Buyback during the year	(499,867)	-
Total	9,415,133	9,915,000

13 Other equity	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
Retained earning Opening balance	(5,554,066)	(5,383,582)
Adjustment for Increase in net profit on reversal of amortisation of intangible assets in March 2017	261,568	-
Adjustment for payment of dividend during the year, declared in financial year March 2017	81	-
	(5,292,417)	(5,383,582)
Profit / (Loss) during the year	(623,210)	91,165
Less: Dividend paid	(81)	-
Less: Tax on dividend	-	-
Movement during the year	(623,291)	91,165
Total	(5,915,708)	(5,292,417)

14 Borrowings Non-current borrowings	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
Unsecured loan	-	-
Total	25,000	-

15 Current borrowings	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
From related parties		
ADF Foods Limited	-	-
ADF Foods (UK) Limited	-	-
Total	-	-

16 Current trade payables	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
Trade payables		
Total outstanding dues of creditors other than micro and small enterprises		
Others	420,497	217,951
Total	420,497	217,951

17 Other current financial liabilities	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
Employees related payables		
Other payables	3,272	-
	376,010	507,347
Total	379,282	507,347

18 Other current liabilities	As at	
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Particulars		
Customers advance		
Related parties		
ADF Foods Limited	17,538	-
Total	17,538	-

ADF Holdings (USA) Limited and its Subsidiary

Notes to consolidated financial statements

19 Revenue from operations		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Sale of products		
Sale of products	5,742,413	5,462,505
Total	5,742,413	5,462,505

20 Other income		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Other interest income		
Others	4,485	-
Forex gain /(loss)	(51)	-
Miscellaneous income	2,528	138,964
Total	6,962	138,964

21 Purchase of stock in trade		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Purchases	3,528,300	3,155,433
Carriage inward	40,491	-
Cost of purchase of stock in trade	3,568,791	3,155,433

22 Decrease/(Increase) in inventories of stock in trade		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Inventories at the beginning of the year		
Traded goods	40,869	38,028
	40,869	38,028
Less: Inventories at the end of the year		
Traded goods	235,077	40,869
	235,077	40,869
Total	(194,208)	(2,841)

23 Employee benefits expenses		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Salaries and wages	385,650	530,650
Total	385,650	530,650

24 Depreciation, Amortisation and Impairment		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Depreciation on Property, Plant & Equipments	6,063	29,638
Impairment of intangible	373,333	-
Total	379,396	29,638

25 Other expenses		
Particulars	As at	As at
	March 31,2018	March 31,2017
	In USD	In USD
	Total	Total
Rent includes lease rent	61,951	100,266
Insurance	83,733	41,923
Rates and taxes	6,100	5,728
Communication expenses	38,391	19,409
Travelling and conveyance expenses	14,113	28,558
Freight and forwarding expenses	199,988	138,122
Sales commission and claims	44,545	131,805
Advertisement	608,499	970,033
Sales and marketing expenses	207,166	163,202
Legal & professional fees	29,945	54,202
Audit fees	59,490	52,425
Loss on sale of fixed assets / assets scrapped	6,223	-
Miscellaneous expenses	51,370	31,012
Total	1,411,514	1,736,685

Fumano & Co., P.C.

Notes to Consolidated statements for the year ended 31st March 2018

Accounting policies and notes to consolidated accounts

1. Corporate information

ADF Holdings (USA) Ltd. (the "Company") was incorporated on September 29, 2010 under the laws of the State of Delaware. The Company is a wholly owned subsidiary of ADF Foods (UK) Ltd. (the "Parent"), a company incorporated in United Kingdom which is ultimately owned by ADF Foods Ltd., a company incorporated in India. The Company has no other material operations apart from managing its subsidiary. The Company owned eighty nine percent (89%) of ADF Foods (USA) Ltd. (the "Subsidiary"), a Delaware Corporation and the remaining eleven percent (11%) that was previously owned by Peter Sartorio (5%) and The Mark Cooley and Joan D Ambrosio Revocable Trust (6%) was bought back by the Subsidiary during the year to be kept back as treasury stock. Subsequent to the purchase of the shares held by the minority shareholders as treasury stock, the Company effectively now owns 100% of the Subsidiary.

On November 3, 2010, the Company purchased the inventory, plant, equipment and certain rights from Elena's Food Specialties Inc. Corporation pursuant to an Asset Purchase Agreement (the "Purchase Agreement"). The Company's corporate headquarters are located in South San Francisco, California where the Subsidiary operates a USDA organic certified facility engaged in the production, marketing and sales of premium natural and organic food products of various food categories with well-known brands including PJ's, Nates, Elena's, and Nonna's sold to retail, private label and food service customers located in the United States and Canada.

On November 1, 2010, pursuant to purchase Agreement, the Company purchased certain assets, rights, and assumed certain liabilities from Elena's Food Specialties Inc., a California Corporation for a total cash price of \$900,000. The fair market values assigned to the purchase of the assets and the assumption of liabilities are as follows:

Plant, Equipment and Machinery	\$ 642,785
Inventories	369,854
Computer Equipment	9,383
Leasehold improvements	25,007
Deferred Interest	19,481
Capital Lease Obligation Assumed	<u>(166,240)</u>
Total	\$ <u>900,000</u>

In the year 2010, the Company also purchased certain trademarks including "PJs", "Nates" and "Elena's Food Specialties" and all related service marks utilizing those names from ADF Foods (Mauritius) Ltd., an affiliate, for a total purchase price of \$4,000,000.

Notes to Consolidated statements for the year ended 31st March 2018

1. Corporate information (cont.)

During the year ended March 31, 2016, the Company shut down its own manufacturing facility in California. The Company sold, leased, transferred and abandoned most of its fixed assets, raw materials and packaging material. Further, the Company entered into a manufacturing and co-packaging agreement for a term of two years with another packaged food manufacturing facility in Cleveland, Ohio.

During the year, the Subsidiary is engaged in marketing and sales of its premium natural and organic food products of various food categories mentioned above to retail, private label and food service customers located in United States and Canada.

2. Significant accounting policies

Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 to be read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. The Company's Financial Statements for the year ended 31st March, 2018 comprises of the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement, Statement of Changes in Equity and the Notes to Financial Statements.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance with Indian Generally Accepted Accounting Practices (IGAAP), including Accounting Standards (ASs) specified under section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014, as amended, to the extent applicable.

These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards.

Current versus non-current classification all assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time taken between acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle as twelve months for the purpose of the classification of assets and liabilities into current and noncurrent.

Basis of Measurement

The Ind AS Financial Statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities, including derivative financial instruments which have been measured at fair value as described below and defined benefit plans which have been measured at actuarial valuation as required by relevant Ind ASs.

Notes to Consolidated statements for the year ended 31st March 2018

Key Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognized prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

- (a) Recognition of deferred tax assets.
- (b) Impairment of Intangible assets.

Measurement of fair values

The Company's accounting policies and disclosures require financial instruments to be measured at fair values. The Company has an established control framework with respect to the measurement of fair values. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Notes to Consolidated statements for the year ended 31st March 2018

Measurement of fair values (cont.)

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1 Significant Accounting Policies

1.1 Property, Plant and Equipment

1.1.1 Initial Recognition

Property, Plant and Equipment are initially recognized at cost which comprises of purchase price including import duties, non-refundable taxes and any directly attributable cost of bringing the assets to its present condition and location for its intended use, including the cost of replacing parts only when future economic benefit associated to that cost will flow to the company and its cost can be reliably measured, borrowing costs for long term construction projects if the recognition criteria are met and present value of any expected cost for decommissioning, restoration and similar liability of an asset after its use is included in the cost of respective asset. On replacement of a component, its carrying amount is derecognized.

Further, in case the component was not depreciated separately, the cost of incoming component is used as an indication to determine the cost of the replaced part at the time of capitalizing.

Subsequent Recognition

Subsequent recognition is at Cost less accumulated depreciation and accumulated impairment losses, if any. Impairment testing is undertaken at the balance sheet date if there are indicators.

Disposal or Retirement

The carrying value is eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

Component Accounting

The Company identifies and determines cost of each component of an asset separately, if the component has a materially different useful life as compared to entire asset and its cost is significant of the total cost.

Notes to Consolidated statements for the year ended 31st March 2018

Depreciation

Property and equipment

Property and equipment are stated at cost. Depreciation expense is calculated principally using the straight line method for books and double declining balance method for tax.

The depreciation methods are designed to amortize the cost of the assets over their estimated useful lives.

The estimated useful lives for computing depreciation are generally as follows:

Machinery and equipment	5 years
Furniture and fixtures	5 years
Automobiles	5 years
Leasehold improvements	lesser of the lease term or life of the asset

Maintenance and repairs are charged to expense as incurred. Gains or losses arising from retirements or sales of assets are included in income currently.

Depreciation begins when assets are placed in service.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

Transition to IND AS

Property, Plant and Equipment were carried on historical cost less accumulated depreciation and impairment loss, if any in the balance sheet as on 31 March 2016 prepared in accordance with Indian GAAP. The Company has elected to regard those values as deemed cost at the date of transition i.e. 1st April, 2016 as permitted under Ind AS 101.

Intangible Assets

Initial Recognition

Intangible Assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Subsequent Recognition

Intangible Assets are carried at cost less accumulated amortization and impairment loss, if any.

Notes to Consolidated statements for the year ended 31st March 2018

Amortization

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their expected useful lives.

The amortization period and the amortization method for finite-life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate.

Indefinite life intangibles mainly consist of brands. Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not the change in useful life from indefinite to finite is made on a prospective basis.

De-recognition

Gains or losses arising from De-recognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is derecognized.

Transition to IND AS

Intangible Assets were carried at cost less accumulated amortization and impairment, if any in the balance sheet as on 31 March 2016, prepared in accordance with Indian GAAP. The Company has elected to regard those values as deemed cost at the date of the transition i.e. 1st April, 2016, as permitted under Ind AS 101.

Investments in Subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

Transition to IND AS

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e.,1st April, 2016.

Notes to Consolidated statements for the year ended 31st March 2018

Inventories

Inventories are valued at lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are computed on the weighted average basis and including other cost, if any.

Traded goods: Costs includes cost of purchase, discounts and other costs incurred in bringing each product to its present location and condition. Provision is made for cost of obsolescence and other anticipated losses, whenever considered necessary.

Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flow, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Impairment of Non-Financial Assets

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Indefinite life intangibles are subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made.

Management has determined an impairment of its trademarks amounting to \$373,333 for the year ended March 31, 2018.

Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognizing the impairment. The impairment loss is allocated first to reduce the carrying amount of goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit.

Notes to Consolidated statements for the year ended 31st March 2018

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency foreign exchange forward contracts, futures and currency options.

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Financial assets at amortized cost

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, debt instruments at amortized cost are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment, if any. The amortization of EIR and loss arising from impairment, if any is recognized in the Statement of Profit and Loss.

Notes to Consolidated statements for the year ended 31st March 2018

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI).

Interest income measured using the EIR method and impairment losses, if any are recognized in the Statement of Profit and Loss. On de-recognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Financial assets at fair value through profit or loss

Financial assets which are not classified in any of the above categories are subsequently fair valued through profit or loss. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognized as 'other income' in the Statement of Profit and Loss. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognized as 'other income' in the Statement of Profit and Loss.

Financial assets as Equity Investments

All investments in equity instruments classified under financial assets are initially measured at fair value, the Company may, on initial recognition, irrevocably elect to measure the same either at FVOCI or FVTPL.

The Company makes such election on an instrument-by-instrument basis. A fair value change on an equity instrument is recognized as other income in the Statement of Profit and Loss unless the Company has elected to measure such instrument at FVOCI. Fair value changes excluding dividends, on an equity instrument measured at FVOCI are recognized in OCI. Amounts recognized in OCI are not subsequently reclassified to the Statement of Profit and Loss. Dividend income on the investments in equity instruments are recognized as 'other income' in the Statement of Profit and Loss.

Notes to Consolidated statements for the year ended 31st March 2018

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's balance sheet) when:

The rights to receive cash flows from the asset have expired, or

The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits and trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The company follows 'Simplified Approach' for recognition of impairment allowance. This approach doesn't require the Company to track changes in credit risk. Rather, it recognizes impairment allowances based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR. Lifetime ECL are expected credit losses resulting from all possible defaults over the expected life of a financial instrument. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss.

Notes to Consolidated statements for the year ended 31st March 2018

Financial Liabilities

(i) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost.

(ii) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

(iii) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in Statement of Profit and Loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and transactions costs. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

This category generally applies to loans and borrowings.

(iv) De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the De-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to Consolidated statements for the year ended 31st March 2018

Share Capital

Ordinary equity shares - Incremental costs directly attributable to the issue of ordinary equity shares, are recognized as a deduction from equity.

Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent Assets

Contingent Assets are not recognized in the financial statements. Contingent Assets if any, are disclosed in the notes to the financial statements.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognized.

Notes to Consolidated statements for the year ended 31st March 2018

Sale of goods

- a. Revenue from the domestic sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
- b. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of dates of bill of lading. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest Income

Interest income is recognized using the effective interest rate (EIR) method.

Employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and they are recognized in the period in which the employee render the related services.

Taxes

Current Taxes

Current tax comprises the expected tax payable or recoverable on the taxable profit or loss for the year and any adjustment to the tax payable or recoverable in respect of previous years.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its branch operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to Consolidated statements for the year ended 31st March 2018

Current Taxes (cont.)

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity/OCI, in which case it is recognized in other comprehensive income. The company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary timing differences and the carry forward of unused tax credits and unused tax losses can be utilized. Such assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

In December 2017, the US Tax Cuts and Jobs Act was signed into law. Effective January 1, 2018, among other provisions the federal corporate tax rate has been replaced with a flat 21% rate and the alternative minimum tax has been eliminated. Additionally, the Act allows federal net operating losses ("NOLs") incurred after December 31, 2017 to be carried forward indefinitely, while eliminating the two year carryback rule. The Act generally limits the NOL deduction for post 2017 NOLs to 80% of taxable income, determined without regard to the NOL deduction.

Notes to Consolidated statements for the year ended 31st March 2018

Foreign Currencies

The Company's functional currency is USD and it is also the presentation currency for the Company. However, the parent company is based in India and their functional currency is INR and hence parent company in its consolidated accounts convert USD financials to INR.

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rate of exchange prevailing on the date of the transaction. Monetary assets and monetary liabilities denominated in foreign currencies and remaining unsettled at the end of the year are converted at the functional currency spot rate of exchange prevailing on the reporting date.

Differences arising on settlement or conversion of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2016, the Company has determined whether the arrangements contain a lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

Notes to Consolidated statements for the year ended 31st March 2018

Company as a lessee (cont.)

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the same is in line with inflation.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease unless the same is in line with inflation. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Dividend

The Company recognizes a liability for any dividend declared but not distributed at the end of the reporting period, when the distribution is authorized and the distribution is no longer at the discretion of the Company on or before the end of the reporting period. As per Corporate laws in India, a distribution is authorized when it is approved by the shareholders. A corresponding amount is recognized directly in equity.

Earnings per Share

Basic earnings per equity share are computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit for the period attributed to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Notes to Consolidated statements for the year ended 31st March 2018

Notes to Accounts

1. Lease

The Company leased premises for office space under an operating lease from September 15th, 2017 and ending on September 30, 2019. Minimum future rental payments, which are subject to customary escalation clauses and have remaining terms in excess of one year as at March 31, 2018, are as follows:

	In USD	
	2017-18	2016-17
i) Not later than one year	26,964	85,224
ii) Later than one year and not later than five years	13,482	-
iii) Later than five years	-	-

2. Deferred tax: the deferred tax asset at the year-end comprises of timing differences on account of following components:

Particulars	As at 03-31-2018	As at 03-31-2017
	In USD	In USD
Net operation loss	1,259,203	2,028,323
Depreciation	133	(2,782)
Trademarks	118,066	152,455
Sec 163j interest	-	16,795
263A inventory	2,327	830
PTO accrual	6,300	10,200
	1,386,029	2,205,821
Less: valuation allowances	-	-
Net deferred tax assets	1,386,029	2,205,821

3. Related party disclosures: Related parties with whom transactions have taken place during the year are:

Sr. No	Related party relationship	Name of the related parties
1.	ADF Foods Limited	Ultimate parent company
2.	ADF Foods (UK) Limited	Parent company

Particulars	Financial Year	Ultimate parent company	Parent company	Total
Purchase of traded goods	2017-18	52,013	-	52,013
	2016-17	206,866	-	206,866
Sale of fixed assets	2017-18	-	-	-
	2016-17	40,000	-	40,000

Notes to Consolidated statements for the year ended 31st March 2018

4. Balance outstanding as at end of the year:

Particulars	Financial Year	Ultimate parent company	Parent company	Total
Short term borrowing	2017-18	17,538	-	17,538
	2016-17	(2,731)	-	(2,731)
Equity shares	2017-18	-	3,275,000	3,275,000
	2016-17	-	3,275,000	3,275,000
Preference shares (Series A)	2017-18	-	5,725,000	5,725,000
	2016-17	-	6,225,000	6,225,000
Preference shares (Series B)	2017-18	-	415,000	415,000
	2016-17	-	415,000	415,000

On May 25, 2017, Series "A" Preferred stock redemption and cancellation of 803 shares at issue price.

5. Computation of earnings per share

Basic earnings per share	2017-18	2016-17
Number of shares at the beginning of the year	12,000	12,000
Issued during the year	-	-
Number of shares at the end of the year	12,000	12,000
Number of shares (basic weighted average)	12,000	12,000
Profit for the year (In US\$)	(623,210)	91,165
Basic earnings per share (weighted average)	(51.93)	7.60
Number of shares (diluted)	12,000	12,000
Diluted earnings per share (weighted average)	(51.93)	7.60

6. **Concentration of credit risk:** for the years ended March 31, 2018 and March 31, 2017 four customers accounted for approximately 97% and 85% of sales and accounted for approximately 99% and 91% of accounts receivable.
7. **Economic dependency:** the Company purchases substantially all its traded goods from one supplier. At March 31, 2018 and March 31, 2017, amount due to this supplier are 84% and 78% of the accounts payable.
8. **Financing from parent:** the Company and its Subsidiary have experienced significant consolidated losses since inception and are reliant on the Parent for financial support.

The Company and the Subsidiary have received a letter from the Parent pledging continued support through March 31, 2018.

Schedules referred to above form an integral part of the Consolidated Balance Sheets and Income Statements of ADF Holdings (USA) Ltd. and Subsidiary.