Indo Count Global Inc.

Financial Statements
March 31, 2024, and March 31, 2023

KNAV CPA LLP
Certified Public Accountants
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Independent Auditor's Report

To the Shareholder and Board of Directors
Indo Count Global Inc.

Opinion

We have audited the financial statements of Indo Count Global Inc. (a Delaware corporation) (the "Company"), which comprise the balance sheet as of March 31, 2024, and the related statements of income (loss), changes in stockholder's equity and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other matter

The financial statements of the Company for the year ended March 31, 2023, were audited by other auditors, who expressed an unmodified opinion on those financial statements dated May 25, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control related matters that we identified during the audit.

KNAV CPA LLP

May 17, 2024
Atlanta, Georgia

Financial Statements

Balance sheets

(All amounts are stated in United States Dollars unless otherwise stated)	As at March 31, 2024	As at March 31, 2023
ASSETS		
Current assets		
Cash	261,733	2,005,050
Accounts receivable, net	1,045,879	2,393,453
Due from factor	9,149,925	2,427,815
Inventories, net	11,527,643	15,457,504
Prepaid expense	86,566	-
Prepaid income tax	116,574	64,238
Total current assets	**22,188,320**	**22,348,060**
Restricted cash	500,000	500,000
Property and equipment, net	671,644	812,188
Right-of-use assets – operating lease	2,095,496	2,219,711
Intangible assets, net	2,305,591	1,333,333
Intangibles under development	-	1,066,535
Other assets	209,451	180,000
Deferred tax assets	361,057	558,000
Total assets	**28,331,559**	**29,017,827**
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Accounts payable	891,483	1,049,483
Due to related party	10,492,286	11,195,576
Operating lease liability, current portion	447,577	382,056
Other current liabilities	1,090,354	1,546,512
Loan payable - related party	4,500,000	-
Total current liabilities	**17,421,700**	**14,173,627**
Loan payable - related party	-	4,500,000
Subordinated debt - related party	2,000,000	2,000,000
Operating lease liability, non-current portion	1,904,373	2,118,637
Total liabilities	**21,326,073**	**22,792,264**
Common stock, no par value, authorized 10,000 shares, issued and outstanding 800 shares	-	-
Additional paid-in capital	800,000	800,000
Retained earnings	6,205,486	5,425,563
Total liabilities and stockholder's equity	**28,331,559**	**29,017,827**

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

Statements of income (loss)

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

	For the year ended March 31, 2024	For the year ended March 31, 2023
Operating revenue	67,391,933	77,855,652
Less: sales returns, discounts, and allowances	(7,037,905)	(9,138,539)
Net operating revenue	**60,354,028**	**68,717,113**
Less: cost of revenue	(44,666,452)	(57,343,352)
Gross profit	**15,687,576**	**11,373,761**
Operating expenses		
Selling, general and administrative expenses	13,695,110	12,374,294
Depreciation and amortization expense	474,471	252,334
Total operating expenses	**14,169,581**	**12,626,628**
Other (income) expenses		
Bargain purchase gain	-	(524,646)
Interest expense on loan	292,500	292,500
Factoring expenses	322,471	553,539
Sundry balances written back	(53,324)	-
Total other expenses	**561,647**	**321,393**
Income(loss) before income taxes	**956,348**	**(1,574,260)**
Income taxes		
Current tax (benefit) expense	(20,518)	174,494
Deferred tax expense (benefit)	196,943	(566,000)
	176,425	**(391,506)**
Net income(loss)	**779,923**	**(1,182,754)**

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

Statements of changes in stockholder's equity

(All amounts are stated in United States Dollars, except the number of shares or unless otherwise stated)

Particulars	Common stock				Additional paid-in capital	Accumulated surplus	Total stockholder's equity
	Authorized	Value*	Issued & outstanding	Value*			
Balance as at April 1, 2022	**10,000**	**-**	**800**	**-**	**800,000**	**6,608,317**	**7,408,317**
Loss for the year	-	-	-	-	-	(1,182,754)	(1,182,754)
Balance as at March 31, 2023	**10,000**	**-**	**800**	**-**	**800,000**	**5,425,563**	**6,225,563**
Balance as at April 1, 2023	**10,000**	**-**	**800**	**-**	**800,000**	**5,425,563**	**6,225,563**
Income for the year	-	-	-	-	-	779,923	779,923
Balance as at March 31, 2024	**10,000**	**-**	**800**	**-**	**800,000**	**6,205,486**	**7,005,486**

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

*Par value of common stock is $Nil.

Statements of cash flows

(All amounts are stated in United States Dollars unless otherwise stated)	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash flows from operating activities		
Net income (loss)	779,923	(1,182,754)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Allowance for inventory reserve, net	150,000	2,415,986
Provision for doubtful accounts, net	-	850,524
Sundry balances written back	(53,324)	-
Depreciation and amortization	474,471	252,334
Bargain purchase gain	-	(524,646)
Deferred tax expense (benefit)	196,943	(566,000)
Changes in assets and liabilities		
Accounts receivables	1,347,574	(1,240,918)
Due from factor	(6,722,110)	(4,244,293)
Inventories	3,779,861	8,115,334
Prepaid expenses	(86,566)	200,000
Prepaid income taxes	(52,336)	(64,238)
Security deposits	(29,451)	-
Accounts payable including due to related party	(861,290)	(2,886,655)
Other current liabilities	(402,834)	2,668,840
Income taxes payable	-	(1,193,222)
Operating lease, right-of-use asset and liability	(24,529)	80,492
Net cash (used in) provided by operating activities	**(1,503,668)**	**2,680,784**
Cash flows from investing activities		
Cash paid for acquisition	-	(4,045,354)
Purchase of property, equipment and software	(239,649)	(1,341,705)
Net cash used in investing activities	**(239,649)**	**(5,387,059)**
Net decrease in cash and restricted cash	(1,743,317)	(2,706,275)
Cash and restricted cash at the beginning of the year	2,505,050	5,211,325
Cash and restricted cash at the end of the year	**761,733**	**2,505,050**
Supplementary cash flow information		
Interest paid	512,075	572,737
Income tax paid	36,138	1,431,743

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

Notes to financial statements

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

NOTE A - NATURE OF OPERATIONS

Indo Count Global Inc. (the "Company") was incorporated in the State of Delaware in January 2011. The Company is a wholesaler of linens to chain stores throughout the United States of America and Canada. The Company is a wholly owned subsidiary of an Indian corporation (the "Parent Company").

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. *Basis of preparation*

   a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting, in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP'), to reflect the financial position, results of operations and cash flows.

   b) All amounts are stated in United States Dollars, except as otherwise specified.

   c) Certain reclassifications, regroupings, and reworking have been made in the Company financial statements of the prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss, stockholder's equity, and cash flows.

2. *Use of estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's most significant estimates relate to the useful life of property and equipment and intangibles, rebate allowance, expected credit losses, impairment of long-lived assets, and other intangible assets. The estimates are made using historical information and other relevant factors available to management. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

3. *Cash and restricted cash.*

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The Company maintains its cash balances in financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash balance.

The Company is required to maintain certain balances as a collateral deposit against the use of the factoring services. The same has been classified under restricted cash in the balance sheets.

4. Revenue recognition

The core principle of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this core principle, the Company has applied the five-step process:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to performance obligations in the contract.
5. Recognize revenue when or as the Company satisfies a performance obligation.

This requires the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when control of goods and services transfers to a customer. The contracts have one single performance obligation, which is the promise to transfer the individual goods, which occurs when the inventory is shipped to the customer.

The Company provides various allowances and discounts to customers including discounts for prompt payment, sales returns, and rebates. Estimates are made of anticipated returns or other allowances based on historical experience and a provision is made. Similarly, accruals for customer discounts and rebates are recorded when the related revenue is recognized.

Net sales for the years ended March 31, 2024, and 2023 reported on the statements of income (loss) represent gross sales less discounts, returns, and allowances.

5. Expected credit losses

Prior to the Company's adoption of Topic 326, the accounts receivable balance was reduced by an allowance for doubtful accounts that was determined based on the Company's assessment of the collectability of customer accounts. Under Topic 326, accounts receivable are recorded at the invoiced amount, net of provision for chargebacks, discounts, and others, and provision for credit loss. The Company regularly reviews the adequacy of the provision for credit loss based on a combination of factors. In establishing any required allowance, management considers historical losses adjusted for current market conditions, the current receivables aging, current payment terms, and expectations of forward-looking loss estimates. See the "Recent accounting pronouncements adopted" section below for information of the adoption of ASU 2016-13, Financial Instruments - Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments.

6. Property and equipment, net and depreciation

Property and equipment are stated at cost less accumulated depreciation and amortization and include expenditures for major items. Maintenance, repairs, and minor replacements are expensed. Depreciation and amortization are provided for under the straight-line method based on the expected useful lives of the related assets. Leasehold improvements are amortized over the shorter of their estimated useful lives or the underlying lease term. Gains or losses on dispositions are reflected in income. The Company evaluates property and equipment for impairment using a discounted cash flows method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. There was no impairment adjustment deemed necessary by management for the years ended March 31, 2024, and 2023.

The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Leasehold improvements	Shorter of estimated useful life or underlying lease term
Furniture & fixtures	7 years

7. Intangible assets, net and amortization

Intangible assets acquired in an acquisition transaction are originally recorded at their estimated fair values. Finite-lived intangibles are amortized over their estimated useful lives.

The Company evaluates the estimated useful lives of its finite-lived intangibles each reporting period to determine whether events and circumstances warrant a revision to the remaining period of amortization. If the estimate of useful lives is changed, the remaining carrying amount of the assets are amortized prospectively over the remaining useful lives. The finite-lived intangibles are also reviewed for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized.

The impairment loss would be calculated as the amount by which the carrying value of the asset exceeds its fair value. During the years ended March 31, 2024, and March 31, 2023, the Company recorded no impairment loss related to its intangibles.

Intangibles include brand names, which are amortized over their estimated lives using the straight-line method.

The estimated useful lives used to determine amortization are:

Nature of assets	Estimated useful life of assets
Brands	9 years
Software	7 years

8. Advertising expense

Advertising costs are expensed as incurred. Advertising expenses for the years ended March 31, 2024, and 2023 were approximately $2,373,118 and $379,000, respectively.

9. Shipping and handling expenses

The Company uses third party service providers to warehouse the inventory and provide shipping services. Shipping and handling expenses in the accompanying statements of income (loss), which totalled $6,210,669 and $3,443,000 for the years ended March 31, 2024, and March 31, 2023, respectively.

10. Retirement and employee benefits

Contributions to defined contribution plans are charged to statements of income in the year in which they accrue.

11. Inventories

The Company states inventory at the lower of cost or net realizable value. Cost is determined using the moving average method. A reserve for potentially obsolete or slow-moving inventory is provided based on management's analysis of inventory levels and future sales forecasts. Inventories consist mainly of traded goods totalling $11,527,643 and $15,457,504 as at March 31, 2024 and March 31, 2023, respectively. A reserve was recorded for the years ended March 31, 2024, and March 31, 2023, amounting to $150,000, and $2,415,986, respectively.

12. Income taxes

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

Deferred income taxes reflect the impact of "temporary differences" between the amounts of assets and liabilities for financial reporting purposes and such amounts measured by tax laws and regulations. The type of temporary differences that gave rise to deferred taxes at March 31, 2024, and March 31, 2023, are tax inventory capitalization costs, inventory obsolescence reserves, straight-lining of rent expense, timing of expenses, and differences between book depreciation and tax depreciation.

The total deferred tax assets of $361,057 and $588,000 at March 31, 2024 and 2023, respectively, have been recorded due to certain qualified costs deducted for financial reporting purposes being capitalized into the inventories for tax purposes, additionally, rent expenses codified as Accounting Standards Codification ("ASC") 842, "Leases" the straight-lining of rent expense for financial reporting purposes as compared to actual rent paid for tax purposes, inventory reserves, timing of deduction of expenses for tax purposes and depreciation. When necessary, valuation allowances are established to reduce deferred tax assets to the amounts expected to be realized. No valuation allowance was required as of March 31, 2024 and 2023. The net deferred income tax asset or liability is classified as noncurrent on the balance sheets.

U.S. GAAP requires that the financial statement effects of an uncertain tax position be recognized based on the outcome that is more likely than not to occur. Under this criterion, the most likely resolution of an uncertain tax position should be analyzed based on technical merits and on the outcome that will likely be sustained under examination and recognize any interest and penalties.

The Company's policy is to recognize accrued interest and penalties related to unrecognized tax benefits as income tax expense. As of March 31, 2024, and March 31, 2023, the Company has determined that it has no uncertain tax positions that require either recognition or disclosure in the financial statements.

13. Functional currency

The functional currency for the Company is the US dollar.

14. Operating leases

FASB issued ASU 2016-02, (Topic 842) Leases, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the standard effective April 1, 2022, and recognized and measured leases existing at or entered into after, April 1, 2022 (the beginning of the period of adoption) using a modified retrospective approach, with certain practical expedients available. Leases with a lease term of 12 months or less from the commencement date that do not contain a purchase option are recognized as an expense on a straight-line basis over the lease term.

The Company determines if an agreement is a lease at inception. Operating leases are included in operating lease ROU assets, and operating lease liabilities (current and non-current portion) on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities represent the obligation to make lease payments arising from the lease term. The operating lease ROU assets also include any lease payment made and exclude lease incentives. Lease expense for the lease payment is recognized on a straight – line bases over the lease term.

15. Fair value measurements

Assets and liabilities recorded at fair value in the balance sheets are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of inputs available in the marketplace used to measure the fair values as discussed below.
Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

16. Commitment and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Contingent liabilities, if any, are not recognized but are disclosed in the notes to the financial statements. Contingent assets are neither recognized nor disclosed in the financial statements.

17. Recently adopted accounting pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. ASU 2016-13 requires measurement and recognition of expected credit losses for financial assets measured at amortized cost as well as certain off-balance sheet commitments (loan commitments, standby letters of credit, financial guarantees, and other similar instruments). The Company adopted ASU 2016-13 on April 1, 2023, using a modified retrospective approach. Results for reporting periods beginning April 1, 2023, are presented under ASC 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. The adoption of this standard did not have a material impact on the Company's financial statements.

NOTE C - BUSINESS ACQUISITION

On April 1, 2022, the Company completed the acquisition of certain assets from another entity for a purchase price of $4,045,354. This transaction resulted in a bargain purchase gain of $524,646.

The assets acquired were as follows:

	Amount
Inventories	3,070,000
Intangible assets (brands)	1,500,000
Fair market value of assets acquired	**4,570,000**

Under the acquisition method of accounting, the aggregate purchase price was allocated to the net tangible assets acquired based on their fair values on the acquisition date. The Company engaged a third-party valuation specialist to assist in the valuation of the assets.

NOTE D - INVENTORIES, NET

Major classes of inventory are as follows:

	As at	
	March 31, 2024	March 31, 2023
Trading goods	11,677,643	17,793,744
Less: allowance for slow moving inventory	(150,000)	(2,415,986)
Add: bargain purchase gain	-	79,746
Total	**11,527,643**	**15,457,504**

The movement in allowance for inventory during the year was as follows: -

	For the year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	2,415,986	-
Add: reserve created during the year	150,000	2,415,986
Less: utilized during the year	(2,415,986)	-
Balance at the end of the year	**150,000**	**2,415,986**

NOTE E - PROPERTY AND EQUIPMENT, NET

	As at	
	March 31, 2024	March 31, 2023
Leasehold improvements	946,608	946,608
Furniture and fixtures	30,589	-
	977,197	**946,608**
Less: accumulated depreciation	(305,553)	(134,420)
Property and equipment, net	**671,644**	**812,188**

Depreciation expenses amounted to approximately $171,133 and $85,667 for the years ended March 31, 2024, and 2023, respectively.

NOTE F - INTANGIBLES ASSETS, NET, AND INTANGIBLES UNDER DEVELOPMENT

Intangible assets as of March 31, 2024, consists of:

	Life (In years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Brands	9	1,500,000	(333,333)	1,166,667
Software	7	1,275,595	(136,671)	1,138,924
		2,775,595	**(470,004)**	**2,305,591**

Intangible assets as of March 31, 2023, consists of:

	Life (In years)	Gross carrying amount	Accumulated amortization	Net carrying amount
Brands	9	1,500,000	(166,667)	1,333,333
		1,500,000	**(166,667)**	**1,333,333**

Intangibles under development, consists of:

	As at	
	March 31, 2024	March 31, 2023
Software	-	1,066,535
Total	**-**	**1,066,535**

Amortization expenses were $303,338 and $166,667 for the years ended March 31, 2024, and March 31, 2023, respectively. The Company's estimate of annual amortization expense for the next five years and thereafter for intangible assets is as follows:

	Brands	Software	Amount ($)
Year ended March 31,			
2025	166,667	182,228	348,895
2026	166,667	182,228	348,895
2027	166,667	182,228	348,895
2028	166,667	182,228	348,895
2029	166,667	182,228	348,895
2030 & thereafter	333,332	227,784	561,116
Total	**1,166,667**	**1,138,924**	**2,305,591**

NOTE G - CASH AND RESTRICTED CASH

The restricted cash balance was $500,000 as of both March 31, 2024, and March 31, 2023, and is used as collateral for the Company's borrowing facility.

For purposes of the statements of cash flows, the following table provides a reconciliation of cash and restricted cash reported within the balance sheets at March 31 that sum to the total of the same amounts shown in the statements of cash flows.

	As at	
	March 31, 2024	March 31, 2023
Cash	261,733	2,005,050
Restricted cash	500,000	500,000

	As at	
	March 31, 2024	March 31, 2023
Total cash and restricted cash shown in the statements of cash flows	**761,733**	**2,505,050**

The Company maintains its cash at financial institutions, which are insured by the Federal Deposit Insurance Corporation ("FDIC") and are federally insured. Deposits held in non-interest-bearing transaction accounts are aggregated with any interest-bearing deposits up to the combined amount of $250,000 per depositor, per insured financial institution. All the Company's cash was on deposit at one major bank as of March 31, 2024, and March 31, 2023.

NOTE H - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

	As at	
	March 31, 2024	March 31, 2023
Accrued sales allowance	1,034,237	226,706
Customer deposits	48,214	1,048,997
Interest accrued on loan	-	219,575
Commission payable	-	51,234
Other current liabilities	7,903	-
Total	**1,090,354**	**1,546,512**

NOTE I - INCOME TAXES

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States of America.

Income tax expense is as follows:

	For the year ended	
	March 31, 2024	March 31, 2023
Federal		
Current	(26,555)	164,873
Deferred	180,822	(504,000)
State		
Current	6,037	9,621
Deferred	16,121	(62,000)
Total tax expense (benefit)	**176,425**	**(391,506)**

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

	For the year ended	
	March 31, 2024	March 31, 2023
Deferred tax assets:		

	For the year ended	
	March 31, 2024	**March 31, 2023**
Brands	30,977	-
Accrued expenses	-	9,317
Lease liability	546,414	18,206
Inventory reserve	34,849	562,718
163(j) Business interest limitation	144,980	106,137
263A capitalization	39,522	43,622
Net operating losses ('NOL's)	244,557	-
Total deferred tax assets	**1,041,299**	**740,000**
Deferred tax liabilities:		
Property, equipment, and software	(193,408)	(182,000)
ROU asset	(486,834)	-
Total deferred tax liabilities	**(680,242)**	**(182,000)**
Net deferred tax asset	**361,057**	**558,000**

In assessing the realization of deferred tax assets, the likelihood of whether it is more likely than not that some portion or all of the deferred tax assets will not be realized must be considered. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which temporary difference become deductible.

The Management has concluded that it is more likely than not the Company will realize the deferred tax assets. Accordingly, the Company has recognised deferred tax asset of $361,057 and $558,000 as at March 31, 2024 and March 31, 2023 respectively on account of temporary differences arising out for tax purposes. The Company has federal net operating loss available of $996,135 as on March 31, 2024, and the Company has state net operating loss available of $535,068 as on March 31, 2024, which if unutilized will expire based on respective state statutes.

Accounting for uncertain tax position:
The Company recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

The tax years of 2020 through 2022 remain subject to examination by the taxing authorities.

NOTE J - RETIREMENT PLANS

On June 1, 2015, the Company adopted a defined contribution 401(K) Plan (the "Plan") covering all eligible employees of the Company. Employees are eligible to become contributing participants of the Plan on the first day of employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). The Company's discretionary contribution to the Plan for the years ended March 31, 2024, and 2023 was approximately $113,971 and $119,984, respectively, and is included in selling, general and administrative expenses on the statements of income (loss).

NOTE K - DUE TO / FROM FACTOR

The Company has a factoring agreement (the "agreement") with a financial institution where the Company sells approved accounts with or without recourse. The agreement also provides for a line of credit for advances based on a formula as defined in the agreement not to exceed $14,000,000 with a restricted cash collateral deposit of $500,000. The interest is accrued on the loan at rates based on the daily Prime Rate in effect on the last day of each month (3.25% minimum), less 0.50%. The financial institution has been given a security interest in substantially all the Company's assets.

There is a guarantee by the Parent Company amounting to $5,000,000 as per the agreement. The guaranteed amount as of both March 31, 2024, and 2023 is $5,000,000 plus expenses of collection in an amount equal to 30% of the guaranteed amounts (the "Maximum Guarantee Amount") plus interest and reasonable attorneys' fees. The agreement contains certain restrictive covenants.

As of March 31, 2024, and March 31, 2023, the Company had an outstanding factored balance due from the credit facility for $9,149,925 and $2,427,815, respectively.

NOTE L - SUBORDINATED DEBT-RELATED PARTY

As required by the factoring agreement noted in Note K, the Company has subordinated trade payables due to its parent to the financial institution amounting to $2,000,000.

This loan is long-term and non-interest bearing. The Parent Company charges a fee related to the limited guarantee noted in Note K. The fee is based on 1.05% of the corporate guaranteed balance for the years ended March 31, 2024, and March 31, 2023. As at March 31, 2024, and March 31, 2023, these amounts were approximately $68,250 and $68,250, respectively.

NOTE M - FINANCIAL INSTRUMENTS AND CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to significant credit risk consist principally of cash and accounts receivable. Risks associated with cash are mitigated by banking with financial institutions that management believes to be of high credit quality. The Company performs ongoing credit evaluations of its customers and maintains reserves for potential credit losses. To date, such losses have been within management's expectations. As at March 31, 2024, and March 31, 2023, the top 4 customers accounted for approximately 68% and 63% of the total accounts receivable and contributed for around 61% and 82% of the Company's revenue during the years ended March 31, 2024, and March 31, 2023, respectively.

NOTE N - CONTINGENCIES

One of the largest customers of the Company and its affiliates (referred to as 'debtors") filed for bankruptcy protection in April 2023. In November 2023, the Company received a demand letter from counsel of the debtors concerning alleged certain receipts of amount as avoidable and are recoverable as preferential payments under section 547(b) of the United States Bankruptcy Code, 11 U.S.C. At this stage, the Company cannot evaluate the likelihood of an unfavourable outcome or estimate the amount or range of any potential loss other than as set forth above. Accordingly, the Company has not recorded any adjustments relating to the matter.

The Company is involved in certain litigations as defendant's incidental to the conduct of its business. However, the Company is not a party to any lawsuit or proceeding which, in the opinion of the Company's management, is likely to have a materially adverse effect on the Company's financial position.

NOTE O - RELATED PARTY TRANSACTIONS

Indo Count Industries Limited (Parent Company) is the only related party with whom transactions have taken place during the year and has closing balances.

Summary of transactions with Indo Count Industries Limited are as follows:

	Transactions for the year ended	
	March 31, 2024	**March 31, 2023**
Purchases of goods	35,547,694	49,882,032
Interest on loan taken	292,500	292,500
Commission charges on guarantee given	68,250	68,250

	Balances as at	
	March 31, 2024	**March 31, 2023**
Accounts payable	10,492,286	11,195,576
Commission payable	-	51,234
Loan payable*	4,500,000	4,500,000
Interest accrued on loan	-	219,575
Subordinated debt	2,000,000	2,000,000

* During the year ended March 2022, the Company had availed a loan of $4,500,000 from its Parent Company at 6.5% per annum. The said loan is unsecured and is payable on or before March 31, 2025.

NOTE P - REVENUE FROM CUSTOMER CONTRACTS

The following table presents revenue disaggregated by source of revenue:

	Year ended March 31, 2024	**Year ended March 31, 2023**
Sale of products	60,354,028	68,717,113
Total	**60,354,028**	**68,717,113**

The following table presents revenue disaggregated by timing of recognition:

	Year ended March 31, 2024	**Year ended March 31, 2023**
Sale of products at a point in time	60,354,028	68,717,113
Total	**60,354,028**	**68,717,113**

Contract balances

The timing of revenue recognition, invoicing, and cash collections results in billed receivables, contract assets, and contract liabilities on the separate parent company balance sheets. Contract assets represent sales recognized in excess of billings related to work completed but not yet billed for which revenue is recognized over time. Contract assets are recorded as unbilled receivables. Unbilled receivables are typically generated from consulting contracts, which are billed upfront as a percentage of the total revenue, with the balance billed upon completion. Contract liabilities are customer deposits for which revenue has not been recognized. Customer deposits are recorded as other current liabilities. When consideration is received from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded as deferred revenue.

Contract liabilities are recognized as revenue after control of the goods and services are transferred to the customer and all revenue recognition criteria have been met. As at March 31, 2024, and March 31, 2023, the Company does not have any unbilled or deferred revenue.

NOTE Q - STOCKHOLDERS' EQUITY

The authorized common stock of the Company is 10,000 (March 31, 2023: 10,000 common shares) common shares of no par value each. The Company has issued 800 common shares (March 31, 2023: 800 common shares) of $Nil each. Each share carries an equal voting right and is entitled to an equal share in the assets of the Company at liquidation.

NOTE R - FAIR VALUE MESAUREMENT

The fair value of the Company's current assets and current liabilities approximate their carrying values because of their short-term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months. As of March 31, 2024, and March 31, 2023, fair value of the Company's other assets approximates their carrying values.

NOTE S - ROYALTIES

In 2021, the Company entered into a licensing agreement with a non-related company. The licensing agreement allows the Company to utilize intellectual property in connection with the manufacture and sale of certain products in accordance with the terms of the agreement. The agreement calls for quarterly royalty payments to be made based on specific percentages of the gross net sales of the covered products. In addition to the royalty percentages, there is an annual payment due for marketing support. The agreement will expire on January 1, 2024. As of March 31, 2024, and 2023, the balance due to the licensor was approximately $Nil and $20,607, respectively.

In August 2022, the Company entered into a licensing agreement with another company. The licensing agreement allows the Company to utilize intellectual property in connection with the distribution and sale of certain products in accordance with the terms of the agreement. The agreement calls for minimum guaranteed royalties which are applied to the earned royalties based on specified percentages. In addition to the royalty percentages, there is an annual payment due for marketing support. The agreement expires on December 31, 2026, however there is an option to renew for an additional four years through December 2030.

Royalties charged to operations for the years ended March 31, 2024, and 2023 were $89,507 and $244,206, respectively.

NOTE T - LEASES

General description of the lease
The Company has office spaces under operating leases which have non-cancellable terms.

Non-lease components: Leases that contain non-lease components are accounted for as a single component and recorded on the balance sheet for certain asset classes including equipment. Non-lease components include, but are not limited to, common area maintenance and service arrangements.

Package of practical expedients: The Company will not reassess whether any expired or existing contracts are leases or contain leases, the lease classification for any expired or existing leases or any initial direct costs for any expired or existing leases as of the transition date.

Additional transition method: The Company adopted the standard using a modified retrospective approach, applying the standard's transition provisions at the beginning of the period of adoption and maintain previous disclosure requirements for comparative periods.

The Company used the following policies and/or assumptions in evaluating the lease population:

Lease determination: The Company considers a contract to be or to contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

Discount rate: When the lease contracts do not provide a readily determinable implicit rate, the Company uses the estimated incremental borrowing rate based on information available at the inception of the lease. The discount rate is determined by asset class.

Variable payments: The Company includes payments that are based on an index or rate within the calculation of right of use leased assets and lease liabilities, initially measured at the lease commencement date. There are variable payments in the nature of origination fees for office equipment, machinery and equipment and therefore are not treated as a part of lease payments.

Purchase options: Certain leases include options to purchase the office equipment. The depreciable life of assets are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

Renewal options: Most leases include one or more options to renew, with renewal terms that can extend the lease term from one or more years. The exercise of lease renewal options is at the Company's sole discretion.

Residual value guarantees, restrictions, or covenants: The lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Short-term leases: Leases with an initial term of 12 months or less are not recorded on the balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term and expense the associated operating lease costs to administrative expenses on the statements of income.

The table below presents the classification of the leasing assets and liabilities.

Leases	Financial statements classification	As at March 31, 2024	March 31, 2023
Assets			
Right-of-use assets – operating lease	Non-current asset	**2,095,496**	**2,219,711**
Liabilities			
Operating lease liability	Non-current liabilities	1,904,373	2,118,637
	Current liabilities	447,577	382,056
		2,351,950	**2,500,693**

The components of total lease cost are as follows:

	For the year ended March 31, 2024	March 31, 2023
Right of use asset amortization	380,577	430,875

Interest expenses	89,399	80,010
Total	**469,976**	**510,885**

The Company has office spaces under operating leases which have non-cancellable terms through November 2028. Generally, the leases have optional renewal clauses to extend the terms of the various leases for periods ranging from 5 to 10 years, at the discretion of the Company. Future minimum payments under non-cancellable operating leases are as follows:

Year ended March 31	Amount ($)
2025	524,924
2026	538,321
2027	552,061
2028	566,153
2029	370,431
Total minimum lease payments	**2,551,890**
Less: imputed interest	(199,940)
Operating lease liabilities	**2,351,950**

	Year ended March 31, 2024
Weighted average remaining lease terms (years) – operating leases	5.17
Weighted average – discount rate (%)	5.50

NOTE U - RISK AND UNCERTAINTIES

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenue; competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE V - SUBSEQUENT EVENTS

The Company has evaluated, for potential recognition and disclosure, events subsequent to the date of the balance sheet through the date the financial statements were available to be issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements except as noted below:

- On April 19, 2024, the Company acquired the trademarks, trademark registrations, trademark applications and all domain names of the brand name 'Wamsutta' for a total consideration of $10.25mn.

- Subsequent to the balance sheet date, the Company has availed a total loan of $10.25mn from its Parent Company