

VADILAL INDUSTRIES (USA) INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDING MARCH 31, 2011
(REVIEW)

VADILAL INDUSTRIES (USA) INC.

For the year ending March 31, 2011

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**VADILAL INDUSTRIES (USA) INC.
BALANCE SHEET
AS OF MARCH 31, 2011**

ASSETS

Current Assets	
Cash & Cash Equivalents	\$ 15,740
Accounts Receivable	79,064
Inventory	149,466
Advance to Employee	6
Total Current Assets	<u>244,276</u>
Fixed Assets	
Pallet Rack (net of depreciation)	969
Vehicles (net of depreciation)	14,331
Total Fixed Assets	<u>15,300</u>
Other Assets	
Security Deposits	6,848
Total Other Assets	<u>6,848</u>
TOTAL ASSETS	<u>\$ 266,424</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities	
Accounts Payable	\$ 183,674
Accrued Expenses & Taxes Payable	17,130
Loan Payable	1,559
Total Current Liabilities	<u>202,363</u>
Long Term Liabilities	
Loan from Shareholder	150,000
Total Long Term Liabilities	<u>150,000</u>
Shareholder's Equity	
Common stock, no par value; 2,000 shares authorized, 250 shares issued and outstanding	25,000
Retained Earnings/(Loss)	(110,939)
Total Shareholder's Equity	<u>(85,939)</u>
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	<u>\$ 266,424</u>

See accountant's review report and notes to financial statements.

VADILAL INDUSTRIES (USA) INC.
STATEMENT OF OPERATIONS
For the year ending March 31, 2011

Net Sales	\$ 376,700
Cost of Goods Sold	(276,817)
Gross Profit	<u>99,883</u>
Operating Expenses	174,544
Depreciation	3,545
Net Operating Profit/(Loss)	<u>(78,206)</u>
Other income	230
Provision for income taxes	(1,000)
Net Profit/(loss)	<u>\$ (78,976)</u>

See accountant's review report and notes to financial statements.

VADILAL INDUSTRIES (USA) INC.
STATEMENT OF CASH FLOWS
For the year ending March 31, 2011

Cash flows from operating activities		
Net Loss		\$ (78,976)
Depreciation		3,545
Adjustment to reconcile net loss to net cash provided by operating activities		
Changes in assets and liabilities		
Accounts receivable	\$ (47,609)	
Inventories	(46,774)	
Advance to employee	(6)	
Security deposit	(6,848)	
Accounts payable	32,866	
Accrued expenses and taxes	<u>(3,690)</u>	<u>(72,061)</u>
Net cash provided by operating activities		(147,492)
Cash flows from investing activities		
Purchase of vehicle	(17,391)	
Purchase of Pallet Rack	<u>(1,454)</u>	
Net cash provided by investing activities		(18,845)
Cash flows from financing activities		
Net increase in loans payable	70	
Loan from shareholder	<u>150,000</u>	
Net cash provided by financing activities		150,070
Net change in cash		(16,267)
Cash at beginning		32,007
Cash at end		<u><u>\$ 15,740</u></u>

See accountant's review report and notes to financial statements.

VADILAL INDUSTRIES (USA) INC.

NOTES TO FINANCIAL STATEMENTS

For the year ending March 31, 2011

Note 1 Organization and nature of business

Vadilal Industries (USA) Inc. (the "Company") is a wholly owned subsidiary of Vadilal Industries Limited, a company based in India. The Company was incorporated in the State of New Jersey on August 11, 2009. The Company is an importer and wholesaler of frozen food products whose customers are located primarily the United States of America.

Note 2 Summary of significant accounting policies

Basis of accounting

The Company's accounting policies are in accordance with accounting principles generally accepted in the United States of America. Outlined below are those policies considered particularly significant.

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 certain estimates and assumptions that could affect the amounts reports in the financial statements and accompanying notes. Actual results could differ from these estimates.

Concentration of credit risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, include cash and accounts receivable. The Company holds no collateral for these financial instruments. The Company maintains cash in financial institutions that are insured by the Federal Deposit Insurance Corporation up to a specified amount. Such cash balances at times may exceed these limits. To minimize its credit risk with respect to accounts receivable, management monitors the creditworthiness of the customers and reviews the outstanding receivables at period end, as well as establishes an allowance for doubtful accounts as deemed necessary.

VADILAL INDUSTRIES (USA) INC.

NOTES TO FINANCIAL STATEMENTS

For the year ending March 31, 2011

Note 2 Summary of significant accounting policies (continued)

Accounts receivable

Accounts receivable are stated at original amount less allowances for doubtful accounts and credits. The allowances for doubtful accounts and credits are determined through an analysis of the aging of accounts receivable at the date of the financial statements, assessments of collectability based on an evaluation of historic and anticipated trends, the financial condition of the Company's customers, and an evaluation of the impact of economic conditions. At March 31, 2011, the management has determined that allowances for doubtful accounts and credits are not required.

Inventories

Inventories are stated at the lower of cost or market, with cost being determined under the FIFO (First-in, First-out) method.

Long-lived assets

The Company periodically evaluates the carrying value of long-lived assets to be held and used whenever events and circumstances indicate that the carrying value of the asset may no longer be recoverable. An impairment loss, measured based on the fair value of the asset, is recognized if expected future undiscounted cash flows are less than the carrying value of the assets.

Revenue recognition

Sales are recorded when merchandise is shipped and title and risk of loss are transferred to customers. Sales are recorded net of estimated discounts, returns and allowances which are estimated based on historic trends and an evaluation of current economic conditions.

Shipping and handling costs

The Company includes shipping and handling costs associated with outbound freight in operating expenses. For the year ending March 31, 2011, shipping and handling costs amounted to \$24,066.

VADILAL INDUSTRIES (USA) INC.

NOTES TO FINACIAL STATEMENTS

For the year ending March 31, 2011

Note 2 Summary of significant accounting policies (continued)

Income taxes

The Company provides for income taxes based on differences between the financial statement and tax bases of assets and liabilities at enacted rates in effect in the years in which the differences are expected to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes". The Company does not believe it has any uncertain tax positions that would qualify for either recognition or disclosure in the financial statements.

The Company has adopted SFAS No. 165, "Subsequent Events". The Company evaluated the need for disclosure and/ or additional adjustments resulting from subsequent events through August 08, 2011, the date the financial statements were available to be issued. The Company did not identify any further subsequent events that required disclosure and / or adjustments in the financial statements.

The Company does not anticipate the adoption of the other recently issued accounting pronouncements to have a significant impact on the Company's financial statements.

Note 3 Inventories

At March 31, 2011, inventories of \$149,466 consisted of frozen food products.

Note 4 Loans payable

At March 31, 2011, the Company had outstanding loans payable to an unrelated party of \$1,559. These loans are due on a demand basis, bearing no interest.

VADILAL INDUSTRIES (USA) INC.

NOTES TO FINANCIAL STATEMENTS

For the year ending March 31, 2011

Note 5 Income taxes

For the year ending March 31, 2011, the net provision for income taxes of \$1,040 consisted of the following:

	Federal	State and local	Total
Current	\$ -	\$1,000	\$1,000
Deferred	-	-	-
	\$ -	\$1,000	\$1,000

At March 31, 2011, there were no significant components of the net deferred tax assets.

Note 6 Related party transactions and balances

In the ordinary course of business, the company had the following related party transactions and balances:

Net purchases	\$299,525
Accounts payable	\$183,674

Note 7 Major customers and vendor

For the year ending March 31, 2011, sales to two customers represented approximately ___% of net sales and purchases from one vendor represented approximately 100% of net purchases.

SUPPLEMENTARY INFORMATION

VADILAL INDUSTRIES (USA) INC.

STATEMENT OF OPERATING EXPENSES

For the year ending March 31, 2011

Operating expenses:

Salaries	\$32,817
Repairs and maintenance	9,842
Rent	54,319
Payroll taxes	3,656
Interest	20
Advertising	42
Licenses and permits	323
Accounting fees	1,500
Bank charges	465
Delivery and freight	29,353
Insurance	2,832
Legal and professional	3,000
Office expenses	9,851
Payroll Processing fees	252
Security	1,070
Telephone	2,118
Temporary help	11,429
Travel	<u>11,655</u>
Total operating expenses	<u>\$174,544</u>

See accountant's review report and notes to financial statements.