

O/c.

RETREAT CAPITAL MANAGEMENT, INC.  
BALANCE SHEETS  
AS OF DECEMBER 31

ASSETS	2015	2014
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 71,358	\$ 47,339
Accounts Receivable	1,039,447	700,852
Deposits	19,720	19,720
Prepaid Insurance	3,152	26,998
Prepaid expenses	42,027	83,478
Deferred Tax Asset	132,691	2,763,149
<b>Total Current Assets</b>	<b>1,308,395</b>	<b>3,641,536</b>
<b>PROPERTY AND EQUIPMENT</b>		
Property and Equipment	2,160,740	2,554,812
Accumulated Depreciation	(1,730,518)	(1,585,751)
<b>Net Property and Equipment</b>	<b>430,222</b>	<b>969,061</b>
<b>Total Assets</b>	<b>\$ 1,738,616</b>	<b>\$ 4,610,597</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 688,693	\$ 1,409,694
Accrued Payroll	616,607	300,343
Loan from Allsectech Inc	1,250,000	825,000
Bank of America Line of Credit	1,235,000	1,775,000
Finance Lease	56,907	139,295
Income Tax Payable	127,877	2,698,843
Other Payable	18,550	120,975
<b>Total Current Liabilities</b>	<b>3,993,633</b>	<b>7,269,150</b>
<b>LONG-TERM LIABILITIES</b>		
Finance Lease	188,081	100,420
<b>Total long-term liabilities</b>	<b>188,081</b>	<b>100,420</b>
<b>Total liabilities</b>	<b>4,181,714</b>	<b>7,369,570</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock- no par value, 1,000,000 shares authorized and 1,000 shares issued and outstanding	15,000	15,000
Security Premium	495,000	495,000
Retained Earnings	(2,953,098)	(3,268,973)
<b>Total Stockholders' Equity</b>	<b>(2,443,098)</b>	<b>(2,758,973)</b>
<b>Total Liabilities and Equity</b>	<b>\$ 1,738,616</b>	<b>\$ 4,610,597</b>

See Independent Review Report and notes to financial statements



For MSPS & ASSOCIATES

*G. Maruthi S*

Partner

Maruthi S  
Mem no. 235317

**RETREAT CAPITAL MANAGEMENT, INC.  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31**

	<b>2015</b>	<b>2014</b>
Operating Revenues	\$ 10,707,236	\$ 7,175,919
Cost of Revenues	(8,535,347)	(7,687,753)
Gross Profit	2,171,889	(511,834)
Operating Expenses (Schedule 1)	(1,759,439)	(3,042,453)
<b>Income from operations</b>	<b>412,450</b>	<b>(3,554,287)</b>
Other Income and Expenses		
Restructuring expenses	-	(368,130)
Interest expense	(79,926)	(111,279)
Other income (expense)	44,001	
Total other income and (Expense)	(35,925)	(479,409)
Interest Income and other income	-	-
Income before provision for income taxes	376,525	(4,033,696)
<b>Provision for Income Taxes</b>		
Current Tax	125,383	(234,791)
Deferred Tax Assets Written off	147,347	-
Interest on earlier year tax writte back	(212,080)	-
	<b>60,650</b>	<b>(234,791)</b>
<b>Net Income/ (Loss)</b>	<b>\$ 315,875</b>	<b>\$ (3,798,905)</b>

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For MSPS & ASSOCIATES



*Maruthi S.*  
Partner  
Maruthi S.  
Mem. No: 235317

**RETREAT CAPITAL MANAGEMENT, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 315,875	\$ (3,798,905)
Depreciation	476,889	664,995
Prior year Adjustment	-	-
Adjustments to reconcile Net Income to net cash provided by operating activities:		
Accounts Receivable	(338,595)	1,479,511
Advances	-	601,937
Deposits	0	(106,203)
Prepaid expenses	65,298	27,924
Deferred Tax Benefit-Current	2,630,458	2,506,686
Accounts Payable	(721,001)	207,865
Accrued Expenses	(102,425)	(467,090)
Accrued Payroll	316,264	238,771
Income taxes payable	(2,570,966)	(2,795,992)
Current portion of note payable and Other Payables	(82,388)	(348,871)
	-	-
<b>Net Cash provided by Operating Activities</b>	<b>(10,592)</b>	<b>(1,789,373)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Addition to Property and Equipment	61,950	26,409
	<b>61,950</b>	<b>26,409</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Loan from Allsectech Inc	425,000	825,000
Line of Credit	(540,000)	(200,000)
Finance Lease	87,661	186,867
Capital Contributions	-	500,000
<b>Net Cash used by Financing Activities</b>	<b>(27,339)</b>	<b>1,311,867</b>
Net Cash increase for the Year	24,019	(451,097)
Cash And Cash Equivalents At Beginning Of Year	47,339	498,437
<b>Cash And Cash Equivalents At End Of Year</b>	<b>\$ 71,358</b>	<b>\$ 47,339</b>

For MSPS & ASSOCIATES



*S. Maruthi S.*

Partner

Maruthi S.

Mem. No: 235317.

**RETREAT CAPITAL MANAGEMENT, INC.  
STATEMENTS OF STOCKHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31**

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>2015</u>	<u>2014</u>
<b>Balance as of January 1</b>	\$ 15,000	\$ (3,268,973)	\$ (3,253,973)	\$ 539,932
Capital Contributions during the year			\$ -	0
Equity Share Premium	495,000		\$ 495,000	\$ 5,000
				\$ 495,000
<b>Ending balance, December 31</b>	<u>510,000</u>	<u>(3,268,973)</u>	<u>(2,758,973)</u>	<u>1,039,932</u>
Capital Contributions during the year		-	\$ -	
Earnings/(Loss)-FY2015	-	315,875	315,875	(3,798,905)
Prior year adjustment	-	-	-	
<b>Balance at December 31</b>	<u>\$ 510,000</u>	<u>\$ (2,953,098)</u>	<u>\$ (2,443,097)</u>	<u>\$ (2,758,973)</u>

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