

**LMW TEXTILE MACHINERY
(SUZHOU) CO., LTD**

AUDIT REPORT

LMW TEXTILE MACHINERY (SUZHOU) CO., LTD

**FINANCIAL STATEMENTS AND
AUDITOR'S REPORT**

FOR THE PERIOD FROM April 1, 2023 to March 31, 2024

[English Translation for Reference Only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

Catalogue

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Auditor's Report

[English Translation for Reference Only]

The shareholders of LMW Textile Machinery (Suzhou) Co., Ltd. ("the Company"),

1. Audit opinions

We have audited the accompanying financial statements of LMW Textile Machinery (Suzhou) Co., Ltd, which comprise the balance sheet as at March 31, 2024, and the income statement, cash flow statement for the period from April 1, 2023 to March 31, 2024, and a summary of significant accounting policies and other explanatory notes.

We believe that the attached financial statements are prepared in all material respects in accordance with the Accounting Standards for Business Enterprises, which fairly reflects the financial position of the company as of March 31, 2024 and the operating results and cash flow from April 1, 2023 to March 31, 2024.

2. Basis of forming an audit opinion

We performed the audit work in accordance with the provisions of the Chinese CPA Auditing Standards. The "Certified Public Accountant's Responsibility for Auditing Financial Statements" section of the audit report further explains our responsibilities under these guidelines. In accordance with the Code of Ethics for Chinese Certified Public Accountants, we are independent and fulfill other responsibilities in professional ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for the publication of audit opinions.

3. Management's Responsibility for the Financial Statements

The management is responsible for compiling financial statements in accordance with the provisions of enterprise accounting standards to achieve fair reflection, and to design, implement and maintain the necessary internal controls so that the financial statements do not contain major misstatements caused by fraud or error.

When preparing financial statements, management is responsible for evaluating your company's ability to continue as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumption, unless management plans to liquidate your company, terminate operations, or has no other realistic choice.

The management is responsible for supervising the financial reporting process

4. Auditor's Responsibility

Our goal is to obtain reasonable assurance as to whether the financial statements as a whole are free of material misstatement due to fraud or error, and to issue an audit report containing audit opinions. Reasonable assurance is a high level of assurance, but there is no guarantee that audits performed in accordance with auditing standards will always be

discovered in the presence of a material misstatement. Misstatements may be caused by fraud or error. If it is reasonably expected that the misstatement alone or aggregated may affect the financial decision made by the financial statement user based on the financial statements, the misstatement is generally considered to be significant.

In the process of carrying out audit work according to the auditing standards, we use professional judgment and maintain professional suspicion. At the same time, we also carry out the following tasks:

- (1) Identify and evaluate the risk of material misstatement of financial statements caused by fraud or error, design and implement audit procedures to deal with these risks, and obtain sufficient and appropriate audit evidence as the basis for issuing audit opinions. As fraud may involve collusion, forgery, intentional omission, false statements or override internal control, the risk of failing to detect significant misstatement due to fraud is higher than that of failing to detect significant misstatement due to error.
- (2) Understanding internal controls related to auditing in order to design appropriate auditing procedures, but the purpose is not to comment on the effectiveness of internal controls.
- (3) Evaluate the appropriateness of management's choice of accounting policies and the reasonableness of making accounting estimates and related disclosure.
- (4) To draw a conclusion on the appropriateness of the assumption of going concern used by management. At the same time, according to the audit evidence obtained, it is possible to draw a conclusion on whether there are significant uncertainties in the event or situation that may cause serious doubts about the sustainability of LMW Textile Machinery (Suzhou) Co., Ltd. If we come to the conclusion that there are significant uncertainties, the auditing standards require us to draw the attention of the users of the financial statements to the relevant disclosures in the auditing reports; if the disclosures are insufficient, we should issue non-unreserved opinions. Our conclusions are based on information available as of the audit report date. However, future events or circumstances may lead to the unsustainable operation of LMW Textile Machinery (Suzhou) Co., Ltd.
- (5) Evaluate the overall presentation, structure and content (including disclosure) of financial statements, and evaluate whether the financial statements fairly reflect relevant transactions and events.

We communicate with the management on the scope, timing and major audit findings of the planned audit, including the internal control deficiencies that we identified in the audit.

Zhongxingcai Guanghua cpas LLP Jiangsu Branch

China Suzhou

CICPA

CICPA

5.7.2024

LMW Textile Machinery (Suzhou) Co., Ltd.

Balance Sheet

2024/03/31

RMB (Yuan)

<u>Liabilities and owner's equity</u>	<u>Notes</u>	<u>2024/3/31</u>	<u>2023/3/31</u>
Current liabilities:			
Short-term loans		0.00	0.00
Notes payable		0.00	0.00
Accounts payable	5.7	25,047,652.88	42,137,807.88
Advances from customers	5.8	1,879,038.46	2,365,853.49
Accrued Wages	5.9	1,268,584.42	958,850.76
Welfare payable		0.00	0.00
Payable dividends		0.00	0.00
Taxes payable	5.10	522,567.25	-180,064.24
Other payables		33,805.88	23,325.90
Accrued expenses	5.11	13,072,898.24	17,436,888.97
Estimated liabilities		0.00	0.00
Non-current liabilities due within one year		0.00	0.00
Other current liabilities	5.12	1,439,038.05	1,407,397.99
Total current liabilities		43,263,585.18	64,150,060.75
Non-current liabilities:			
Long-term debt		0.00	0.00
Bonds payable		0.00	0.00
Long-term payables		0.00	0.00
Special accounts payable		0.00	0.00
Other Non-current liabilities		0.00	0.00
Total Non-current liabilities		0.00	0.00
Total liabilities		43,263,585.18	64,150,060.75
Owner's equity (or Shareholders' equity) :			
Paid-in capital	5.13	80,494,171.89	80,494,171.89
Capital surplus		877.65	877.65
Earned surplus		0.00	0.00
Undistributed profit	5.14	-3,645,180.72	7,307,039.18
Total owner's equity		76,849,868.82	87,802,088.72
Total liabilities and owner's equity		120,113,454.00	151,952,149.47

The attached notes is an integral part of the financial statements.

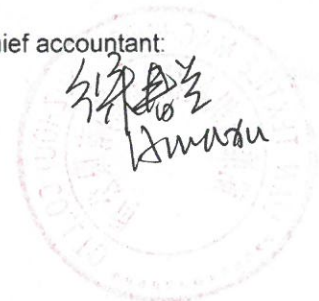
Enterprise



Person in charge:

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Chief accountant:



LMW Textile Machinery (Suzhou) Co., Ltd.

Balance Sheet

2024/03/31

RMB (Yuan)

Assets	Notes	2024/3/31	2023/3/31
Current Assets:			
Cash at bank and in hand	5.1	23,664,347.11	40,410,095.94
Short-term investment		0.00	0.00
Notes receivable		406,578.37	22,747.12
Dividend Receivable		0.00	0.00
Interest receivable		0.00	0.00
Accounts receivable	5.2	7,186,872.80	34,851,700.49
Other receivables		54,452.24	59,270.86
Prepayments	5.3	526,909.43	1,963,913.26
Subsidies receivable		0.00	0.00
Inventory	5.4	50,108,160.86	35,599,992.48
Pending expenses		99,488.00	127,635.00
Non-current assets due within one year		0.00	0.00
Other current assets		0.00	0.00
Total current assets		82,046,808.81	113,035,355.15
Long term investment:			
Long-term equity investment		0.00	0.00
Long-term debt investments		0.00	0.00
Total long-term investment		0.00	0.00
Fixed assets:			
Original price of fixed assets	5.5	76,944,665.42	74,477,098.59
Less: Accumulated depreciation	5.5	43,321,644.11	40,118,356.31
Less: Provision for impairment of fixed assets		0.00	0.00
Net fixed assets	5.5	33,623,021.31	34,358,742.28
Engineering materials		0.00	0.00
Construction in progress		0.00	0.00
Fixed asset liquidation		0.00	0.00
Total fixed assets		33,623,021.31	34,358,742.28
Intangible assets and other assets:			
Intangible assets	5.6	4,443,623.88	4,558,052.04
Long-term deferred expenses		0.00	0.00
Other long-term assets		0.00	0.00
Total intangible assets and other assets		4,443,623.88	4,558,052.04
Total Non-current assets		38,066,645.19	38,916,794.32
Total assets		120,113,454.00	151,952,149.47

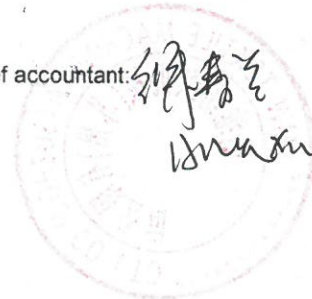
The attached notes is an integral part of the financial statements.

Enterprise



Person in charge:

Chief accountant:



LMW Textile Machinery (Suzhou) Co., Ltd.

Cash Flow Statement

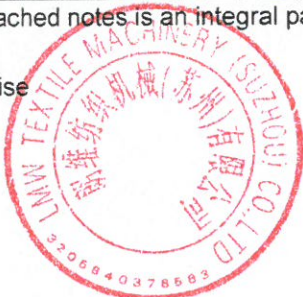
2023-04-01 To 2024-3-31

RMB (Yuan)

Items	2023-04-01 To 2024-3-31	2022-04-01 To 2023-03-31
1. Cash flow from operating activities		
Cash received from sales of goods or rendering services	51,791,115.74	249,451,475.94
Cash received from tax return	5,461,310.35	24,370,341.58
Other cash received from operating activities	86,155.02	170,430.34
Sub-total of cash inflows	57,338,581.11	273,992,247.86
Cash paid for goods and services	60,233,440.74	237,129,662.21
Cash paid to and on behalf of employees	10,146,619.23	13,478,739.82
Taxes paid	1,448,687.21	1,112,288.74
Other cash paid relating to operating	1,657,385.74	1,175,077.33
Sub-total of cash outflows	73,486,132.92	252,895,768.10
Net cash flows from operating activities	-16,147,551.81	21,096,479.76
2. Cash from investment activities		
Cash received from recovering investment	0.00	0.00
Cash received from investment income	0.00	0.00
Cash received from disposal of fixed assets	0.00	0.00
Other cash received from investment	0.00	0.00
Sub-total of cash inflows	0.00	0.00
Cash paid to acquire fixed assets and intangible assets	2,467,566.83	152,212.40
Cash paid to investment	0.00	0.00
Other cash paid to investment	0.00	0.00
Sub-total cash outflows	2,467,566.83	152,212.40
Net cash flows from investment activities	-2,467,566.83	-152,212.40
3. Cash from financing activities		
Cash received from absorbing investment	0.00	0.00
Proceeds from loans	0.00	0.00
Other cash received from financing activities	0.00	0.00
Sub-total of cash inflows	0.00	0.00
Cash repayments of amounts borrowed	0.00	0.00
Cash payments of interests payment	0.00	0.00
Other cash payments from financing activities	0.00	0.00
Sub-total of cash outflows	0.00	0.00
Net cash flows from financing activities	0.00	0.00
4. Effect of foreign exchange rate changes	1,869,369.81	-1,959,264.80
5. Net increases in cash and cash equivalent	-16,745,748.83	18,985,002.56
Add: balance of cash and cash equivalents at the beginning of the period	40,410,095.94	21,425,093.38
6. Balance of cash and cash equivalents at the end of the period	23,664,347.11	40,410,095.94

The attached notes is an integral part of the financial statements.

Enterprise



Person in charge:

[Signature]

Chief accountant:

[Signature]
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LMW Textile Machinery (Suzhou) Co., Ltd.

Income statement

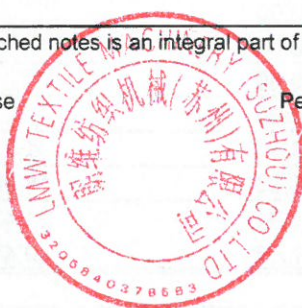
2023-4-01 To 2023-3-31

RMB (Yuan)

Items	Notes	2023-04-01 To 2024-03-31	2022-04-01 To 2023-03-31
1. Operating income	5.15	24,107,912.74	232,528,557.23
Less: Operating cost	5.16	22,662,767.84	180,542,936.30
Taxes and surcharges	5.17	741,921.33	351,972.43
2. Main business profit		703,223.57	51,633,648.50
Add: Other income	5.18	29,797.33	322,120.39
Sales expense	5.19	4,763,524.79	18,480,548.45
Management costs	5.20	8,680,214.58	11,435,757.35
Among them: R&D expenses		0.00	0.00
Financial expenses	5.21	-1,688,520.56	2,213,766.69
3. Operating profit		-11,022,197.91	19,825,696.40
Add: Investment income		0.00	0.00
Subsidy income		0.00	0.00
Add: Non-operating income	5.22	70,178.01	93,464.22
Less: Non-operating cost		200.00	36,799.05
4. Total profit		-10,952,219.90	19,882,361.57
Less: Income tax expense		0.00	0.00
5. Net profit		-10,952,219.90	19,882,361.57
Net profit from continuing operations		-10,952,219.90	19,882,361.57
Termination of operating net profit		0.00	0.00
6. Total comprehensive income		-10,952,219.90	19,882,361.57
7. Add: Undistributed profit at the beginning of the year		7,307,039.18	-12,575,322.39
Other transfers in		0.00	0.00
Less: Distribution to owners		0.00	0.00
Withdrawal of surplus reserve		0.00	0.00
Other		0.00	0.00
Undistributed profit		-3,645,180.72	7,307,039.18

The attached notes is an integral part of the financial statements.

Enterprise



Person in charge:

Chief accountant:

LMW Textile Machinery (Suzhou) Co., Ltd.
RMB (Yuan)

Items	2023.4.1-2024.3.31					2022.4.1-2023.3.31				
	Paid in capital	Capital reserve	Surplus reserves	Undistributed profits	Owner's equity	Paid in capital	Capital reserve	Surplus reserves	Undistributed profits	Owner's equity
I. Balance at the end of last year	80,494,171.89	877.65	-	7,307,039.18	87,802,088.72	80,494,171.89	877.65	-	-12,575,322.39	67,919,727.15
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-
Early error correction	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
II. Increase and decrease in the current year (decrease expressed with "-")	-	-	-	-10,952,219.90	-10,952,219.90	-	-	-	19,882,361.57	19,882,361.57
(1) Total comprehensive income	-	-	-	-10,952,219.90	-10,952,219.90	-	-	-	19,882,361.57	19,882,361.57
(2) Capital invested and reduced by owners	-	-	-	-	-	-	-	-	-	-
1. Capital invested by the owner	-	-	-	-	-	-	-	-	-	-
2. Amount of share based payment included in owner's equity	-	-	-	-	-	-	-	-	-	-
(3) Profit distribution	-	-	-	-	-	-	-	-	-	-
1. Withdrawal of surplus reserve	-	-	-	-	-	-	-	-	-	-
2. Distribution to owners	-	-	-	-	-	-	-	-	-	-
(4) Internal carry forward of owner's equity	-	-	-	-	-	-	-	-	-	-
1. Capital reserve converted to capital	-	-	-	-	-	-	-	-	-	-
2. Surplus reserve transferred to capital	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve to cover losses	-	-	-	-	-	-	-	-	-	-
(5) Others	-	-	-	-	-	-	-	-	-	-
III. Balance at the end of the year	80,494,171.89	877.65	-	-3,645,180.72	76,849,868.82	80,494,171.89	877.65	-	7,307,039.18	87,802,088.72

Enterprise

Person in charge:

Chief accountant

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LMW TEXTILE MACHINERY (SUZHOU) CO., LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM April 1, 2023 to March 31, 2024
(All amounts are stated in RMB Yuan unless otherwise stated)

1. CORPORATE INFORMATION

LMW Textile Machinery (SUZHOU) Co., Ltd. ("the Company") was established on September 4, 2008, with the approval of the Wujiang Foreign Trade and Economic Cooperation Bureau. It was funded by LAKSHMI MACHINE WORKS LIMITED, with a total investment of 29 million US dollars and a registered capital of 12.5 million US dollars. The unified social credit code is 91320509679801831M, and the legal representative is Venkataraman Ashwin. The company's operating period is 50 years. The company's address is on the south side of Yegang Road and the west side of Guangming Road in Wujiang Economic and Technological Development Zone. Our business scope includes research, development, and manufacturing of new textile machinery and key components, as well as sales of our company's self-produced products; And provide installation, debugging, maintenance, and related technical consultation and after-sales service for the above products; Engaged in wholesale and import/export business of products similar to those produced by our company.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

2.1. Basis of preparation

Financial Statements are prepared on the basis of going-concern assumption and actual transactions, Confirmed and measured in accordance with the "Accounting Standards for Business Enterprises—Basic Standards" promulgated by the Ministry of Finance and various specific accounting standards, application guidelines for business accounting standards, interpretation of accounting standards for enterprises and other relevant regulations (here in after collectively referred to as Enterprise Accounting Standards").

2.2. Continuous operation

The company has the ability to continue to operate for at least 12 months from the end of the reporting period and has no significant events affecting its ability to continue to operate.

3. PRINCIPAL ACCOUNTING POLICIES

3.1. Statement of compliance with corporate accounting standards and regulations

The financial statements meet the requirements of the Accounting Standards for Business Enterprises, which truly and completely fully reflects the financial position of the company as of March 31, 2024, and the operating results and cash flow from April 1, 2023 to March 31, 2024.

3.2. Accounting Period

The accounting period of the company is divided into annual period and interim period. Interim period refers to the reporting period shorter than a complete accounting year.

3.3. Reporting currency

The Company uses the Renminbi ("RMB") as reporting currency.

3.4. Foreign currency translations

Transactions denominated in foreign currencies are translated into Renminbi at the official exchange rates stipulated by the People's Bank of China prevailing at the first day of the month when transactions take place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into Renminbi at the official exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed as the profit and loss of foreign currency translation.

LMW TEXTILE MACHINERY (SUZHOU) CO., LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM April 1, 2023 to March 31, 2024
(All amounts are stated in RMB Yuan unless otherwise stated)

3.5. Receivables and other items

Other receivables such as receivables, notes receivable, prepayments, interest receivable, etc. are listed as actual. If bad debts are incurred, they are written off directly.

3.6. Bad debt accounting

Bad debt recognition criteria: receivables that are still uncollectible after the debtor has been revoked, bankrupted or dying, in accordance with the lawful bankruptcy or settlement of the estate; the debtor's overdue performance of the repayment obligation for more than three years is still not recoverable and there is a clear basis that Receivables that are indeed uncollectible are treated as bad debt losses upon approval.

The company's bad debt accounting uses the direct write-off method.

3.7. Inventories

(1) Classification of inventory

The company's inventory is divided into raw materials, in-process products, semi-finished products, finished products, inventory goods, turnover materials, low-value consumables, packaging materials, and issued goods.

(2) Valuation method for inventory acquisition and issuance

Inventory is valued at actual cost upon acquisition. Raw materials, products in progress, inventory goods, and shipped goods are priced using the weighted average method at the time of shipment; Low value consumables are amortized using the one-time write off method when received, and our company's inventory system adopts the perpetual inventory system.

3.8. Fixed Assets and Depreciation

(1) Recognition conditions and valuation of fixed assets

The company's fixed assets refer to tangible assets held for the purpose of producing goods, providing labor services, renting or operating management, and having a service life of more than one fiscal year, including houses, buildings, machines, machinery, motor vehicles and other equipment, appliances and tools.

Fixed assets can only be recognized when the economic benefits associated with the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be reliably measured.

The cost of the asset includes the purchase price and the expenditure necessary before the asset reaches its intended usable state. The maintenance and maintenance expenditure incurred after the fixed assets are put into use shall be expended in the year in which they occur, and the major improvement and renewal expenditure with future economic benefits shall be capitalized.

(2) Fixed assets classification and depreciation policy

The company uses the straight-line method to calculate depreciation. Fixed assets are depreciated when they are ready for their intended use, and they are depreciated when they are derecognized or classified as non-current assets held for sale. Without considering the impairment provision, according to the fixed asset class, estimated service life and estimated residual value, the company determines the annual depreciation rate of various fixed assets as follows:

Items	Depreciation method	Service life (year)	Residual value %	Annual depreciation rate
Buildings	Straight-line-method	20	1.00	4.95
Machinery equipment	Straight-line-method	5~10	1.00~10.00	9.90~20.00

LMW TEXTILE MACHINERY (SUZHOU) CO., LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM April 1, 2023 to March 31, 2024
(All amounts are stated in RMB Yuan unless otherwise stated)

Vehicles equipment	Straight-line-method	4~5	0~10.00	18.00~22.50
Office equipment	Straight-line-method	3~5	0~10.00	18.00~31.67
Other equipment	Straight-line-method	1~5	0~10.00	18.00~100.00

3.9. Intangible assets

(1) Intangible assets are non-monetary long-term assets that are not held in physical form for the purpose of producing goods or providing labor services, leasing to others, or for business management purposes, including land use rights and computer software. When the intangible assets are acquired, they are recorded at the actual cost (including handling fees, attorney fees, registration fees, etc.); or the intangible assets that are accepted for investment transfer are accounted for according to the contractual agreement or the value confirmed by the assessment.

(2) The intangible assets are amortized evenly over the estimated useful life from the month of acquisition and are included in profit or loss; the amortization period shall not exceed the beneficial period specified in the relevant contract (only the beneficial period of the contract) or the effective period prescribed by law (Only the legally stipulated effective period), or the shorter of the two (the contract provides for the number of years of benefit, the law also stipulates the effective period).

3.10. Development Expenditure

The company divides the expenditure of internal research and development projects into research phase expenditures and development phase expenditures.

Expenditures for the research phase are recognized in profit or loss when incurred.

Expenditure in the development phase, which meets the following conditions, can be capitalized, that is, it is technically feasible to complete the intangible asset to enable it to be used or sold; have the intent to complete the intangible asset and use or sell it; intangible assets made the way to generate economic benefits, including the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets exist in the market, the intangible assets will be used internally and can prove their usefulness; there are sufficient technical, financial and other resources to support to complete the development of the intangible asset and have the ability to use or sell the intangible asset; the expenditure attributable to the development phase of the intangible asset can be reliably measured. Development expenses that do not meet the above conditions are included in the current profit and loss.

The corresponding projects of the company meet the above conditions, and through the technical feasibility and economic feasibility study, after the project is established, it enters the development stage.

3.11. Revenue recognition

(1) Selling Goods

When the main risks or rewards of ownership of the goods have been transferred to the purchaser, and no further management or actual control rights are exercised over the goods, the relevant income has been obtained or evidence of receipt has been obtained, and the costs related to the sale of the goods can be reliably measured, the company recognizes the realization of sales revenue.

(2) Revenue from the service

When the results of providing labor services transactions can be reliably estimated, the company recognizes revenue at the end of the period using the percentage of completion method.

If the outcome of a labor service transaction cannot be reliably estimated, the revenue from providing labor services shall be recognized based on the amount of labor costs that have already occurred and

LMW TEXTILE MACHINERY (SUZHOU) CO., LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM April 1, 2023 to March 31, 2024
(All amounts are stated in RMB Yuan unless otherwise stated)

are expected to be compensated, and the labor costs that have occurred shall be recognized as current expenses. If the labor costs that have already occurred cannot be expected to be compensated, revenue is not recognized.

The contracts or agreements signed between our company and other enterprises include the sale of goods and provision of services. If the sale of goods and provision of services can be distinguished and measured separately, the sale of goods and provision of services shall be treated separately; If the sales of goods cannot be distinguished from the provision of services, or if they can be distinguished but cannot be measured separately, the entire contract shall be treated as sales of goods.

3.12. Income tax

The Company applies tax payable method to Tax payable method.

4. ILLUSTRATION OF SIGNIFICANTS PRIOR PERIOD ERRORS CORRECTION AND CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATE

The company does not have any major early stage errors correction and changes in accounting policies and accounting estimate that need to be disclosed.

5. NOTES TO FINANCIAL STATEMENTS

5.1. Monetary Assets

	2024-3-31	2023-3-31
Cash on hand	169,241.53	229,354.76
Cash in banks	23,495,105.58	40,180,741.18
Total	23,664,347.11	40,410,095.94

5.2. Accounts Receivable

	2024-3-31	2023-3-31
Accounts receivable	7,186,872.80	34,851,700.49
Less: provisions for bad debts	--	--
Total:	7,186,872.80	34,851,700.49

Ageing Analysis	2024-3-31		2023-3-31	
	Carrying Amount	Provision for bad debts	Carrying Amount	Provision for bad debts
		Amount		Amount
Within 1 year	7,186,872.80	--	34,851,700.49	--
Total	7,186,872.80	--	34,851,700.49	--

LMW TEXTILE MACHINERY (SUZHOU) CO., LTD
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD FROM April 1, 2023 to March 31, 2024
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Account receivable mainly includes:

Suppliers	End balance	Nature
A.J. TEXTILE MILLS LTD	3,364,732.80	Purchase
LMW INDIA	2,338,133.01	Purchase

As of March 31, 2024, the management of the company believes that there is no difficulty in recovering the above accounts receivable balance.

5.3. Advance to suppliers

2024-3-31	2023-3-31
526,909.43	1,963,913.26

The advance to suppliers mainly includes:

Suppliers	End balance	Nature
CUSTOMS AUTHORITIES	68,630.99	Tariff
State Grid Jiangsu Electric Power Co., Ltd. Suzhou Power Supply Branch	47,100.96	Electricity bill
Wujiang Ganghua Gas Co., Ltd	37,102.95	Gas cost

5.4. Inventories

	2024-3-31	2023-3-31
Raw materials	28,242,411.74	16,226,921.86
WIP	722,955.64	16,401,442.96
Finished goods	20,245,531.13	2,141,729.25
Self-manufactured goods	897,262.35	829,898.41
Less: provisions for inventory impairment	--	--
Total	50,108,160.86	35,599,992.48

As of March 31, 2024, the management of the company believes that there is no sign of impairment of the inventory and there is no need to make provision for impairment.

5.5. Fixed Assets

Items	2023-3-31	Increase	Decrease	2024-3-31
Original Value:				
Buildings	50,790,877.93	--	--	50,790,877.93
Machinery	15,007,176.05	--	--	15,007,176.05
Equipment	691,469.58	--	--	691,469.58
Vehicle Equipment	3,445,649.49	2,467,566.83	--	5,913,216.32

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Other Equipment	4,541,925.54	--	--	4,541,925.54
Total	74,477,098.59	2,467,566.83	--	76,944,665.42

Items	2023-3-31	Increase	Decrease	2024-3-31
Accumulated depreciation:				
Buildings	20,741,724.71	2,514,148.45	--	23,255,873.16
Machinery Equipment	11,647,496.61	559,002.82	--	12,206,499.43
Vehicle Equipment	622,469.96	--	--	622,469.96
Office Equipment	2,992,459.25	80,283.40	--	3,072,742.65
Other Equipment	4,114,205.78	49,853.13	--	4,164,058.91
Total	40,118,356.31	3,203,287.80	--	43,321,644.11

Items	2023-3-31	Increase	Decrease	2024-3-31
Net value:				
Buildings	30,049,153.22			27,535,004.77
Machinery Equipment	3,359,679.44			2,800,676.62
Vehicle Equipment	68,999.62			68,999.62
Office Equipment	453,190.24			2,840,473.67
Other Equipment	427,719.76			377,866.63
Total	34,358,742.28			33,623,021.31

As of March 31, 2024, the management of the company believes that there is no sign of impairment of fixed assets and there is no need to make provision for impairment.

5.6. Intangible Assets

	2024-3-31	2023-3-31
Beginning of year	4,558,052.04	4,672,480.20
Add: Increase this year	--	--
Less: Carry forward this year	--	--
Amortize this year	114,428.16	114,428.16
Net balance at the end of year	4,443,623.88	4,558,052.04

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Balance mainly includes:

Item	Original value	Useful life	Beg. Bal.	Increase	Decrease	End. Bal.
Land use right	5,721,408.00	50	4,558,052.04	--	114,428.16	4,443,623.88
Total	5,721,408.00		4,558,052.04	--	114,428.16	4,443,623.88

5.7. Accounts Payable

2024-3-31	2023-3-31
25,047,652.88	42,137,807.88

Accounts balance of accounts payable includes:

Name of the Company	Accounts Balance	Nature
LAKSHMI MACHINE WORKS LIMITED	23,513,268.33	Payment of material
Suzhou Jiyun Jitong International Freight Forwarding Co., Ltd	328,908.08	Freight

5.8. Advances from customers

2024-3-31	2023-3-31
1,879,038.46	2,365,853.49

Accounts balance of Advances from customers includes:

Name of the Company	Accounts Balance	Nature
Henan Wanliyuan Textile Co., Ltd	160,658.27	Payment of goods
Shandong Shengxiang Textile Co., Ltd	170,377.53	Payment of goods

5.9. Accrued Wages

	2024-3-31	2023-3-31
Wages of staff and workers	1,268,584.42	958,850.76
Total	1,268,584.42	958,850.76

5.10. Taxes Payable

2024-3-31	2023-3-31
522,567.25	-180,064.24

Main Items of taxes payable are as follow:

Item	2024-3-31	2023-3-31
VAT	32,616.86	-495,866.04
PIT	103,179.60	105,098.45
Land use tax	90,816.00	37,840.00

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Property tax	125,732.20	125,732.20
Urban construction and additional	170,222.59	47,131.15
Total	522,567.25	-180,064.24

The main taxations and the related tax rates include:

(1) Value Added Tax ("VAT")

According to the national tax regulations, the value-added tax rate of the company's export sales income is zero. The VAT rate for domestic sales of products is 13%. The value-added tax is paid by the buyer at 13% of the sales amount together with the sales amount, and the company pays the tax authority after deducting the value-added tax that is allowed to be deducted due to the purchase of the goods.

(2) Corporate income taxes ("CIT")

According to the tax law of China, the applicable tax rate of the Company is 25%.

(3) Individual Income Tax ("IIT")

The Company withholds and pays the personal income tax according to the regulation of the People's Republic of China.

5.11. Accrued expenses

	2024-3-31	2023-3-31
	13,072,898.24	17,436,888.97

Main Items include:

Item	2024-3-31	2023-3-31
Sales service fee	9,239,889.80	11,203,231.77
Import charges	231,800.00	603,850.00
Technology license fee	121,040.72	1,478,997.11
Export charges	88,740.00	1,308,170.28
Machine material cost	1,299,208.70	2,688,724.25
Safety production cost	1,965,697.65	--

5.12. Other Current Liabilities

	2024-3-31	2023-3-31
	1,439,038.05	1,407,397.99

For the provision of deferred income.

5.13. Paid in capital

	2024-3-31	2023-3-31
	80,494,171.89	80,494,171.89

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Investor	Ending balance of paid-in capital		% to paid-in capital	% to registered capital
	USD	RMB		
LAKSHMI MACHINE WORKS LIMITED	12,500,000.00	80,494,171.89	100.00	100.00
Total	12,500,000.00	80,494,171.89	100.00	100.00

The above paid-in capital has been specially verified by Suzhou Huaderui CPAs Derui Yan Wai Zi (2013) No102.

5.14. Undistributed profit

	2024-3-31	2023-3-31
Net Profit	-10,952,219.90	19,882,361.57
Add: The beginning undistributed profit of this year	7,307,039.18	-12,575,322.39
Less: Adjustment for prior years		--
Less: Statutory accumulation reserve	--	--
Statutory welfare reserve	--	--
Undistributed profits at year-end	3,645,180.72	7,307,039.18

5.15. Sales from operating activities

	<u>2023-04-01 To</u> <u>2024-03-31</u>	<u>2022-04-01 To</u> <u>2023-03-31</u>
Main business income	24,107,912.74	232,528,557.23
Total	24,107,912.74	232,528,557.23

5.16. Cost of main operating activities

	<u>2023-04-01 To</u> <u>2024-03-31</u>	<u>2022-04-01 To</u> <u>2023-03-31</u>
Main business cost	22,662,767.84	180,542,936.30
Total	22,662,767.84	180,542,936.30

5.17. Taxes and surcharges

	<u>2023-04-01 To</u> <u>2024-03-31</u>	<u>2022-04-01 To</u> <u>2023-03-31</u>
Urban construction tax	432,787.44	205,317.25
Education surcharges	185,480.33	87,993.11
Local education surcharges	123,653.56	58,662.07
Total	741,921.33	351,972.43

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5.18. Other business profits

	<u>2023-04-01 To</u>	<u>2022-04-01 To</u>
	<u>2024-03-31</u>	<u>2023-03-31</u>
Other business income	29,797.33	322,120.39
Other business expenses	--	--
Other business profits	29,797.33	322,120.39

5.19. Sales Expense

<u>2023-04-01 To</u>	<u>2022-04-01 To</u>
<u>2024-03-31</u>	<u>2023-03-31</u>
4,763,524.79	18,480,548.45

Main Items include:

	<u>2023-04-01 To</u>	<u>2022-04-01 To</u>
	<u>2024-03-31</u>	<u>2023-03-31</u>
Wage	2,081,843.45	1,347,245.52
Travel expenses	891,933.34	410,853.40
Sales service fee	144,067.67	10,175,878.62
Export cost	620,524.49	5,450,638.62
Maintenance cost during warranty period	632,350.59	763,281.37
Freight	138,511.71	105,338.69
Employee social security	207,706.49	159,023.01

5.20. Administrative Expenses

<u>2023-04-01 To</u>	<u>2022-04-01 To</u>
<u>2024-03-31</u>	<u>2023-03-31</u>
8,680,214.58	11,435,757.35

Account balance of administrative expenses includes:

	<u>2023-04-01 To</u>	<u>2022-04-01 To</u>
	<u>2024-03-31</u>	<u>2023-03-31</u>
Wages	3,292,537.13	2,086,111.28
Rent	133,360.00	88,800.00
Meal	145,547.80	521,597.80
Travel expenses	316,991.06	104,580.95
Depreciation	399,909.45	445,201.32
Telephone rate	88,456.68	89,541.34
Security fee	210,184.00	212,750.00
Technology license fee	104,665.86	5,182,433.30

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Service fees	162,862.21	133,977.00
Electricity	80,733.96	37,730.22
Employee insurance	219,380.29	173,075.99

5.21. Financial Expense

	<u>2023-04-01 To</u> <u>2024-03-31</u>	<u>2022-04-01 To</u> <u>2023-03-31</u>
Interest expense	--	--
Less: Interest income	15,977.01	76,966.12
Add: Exchange gain & loss	-1,869,369.81	1,959,264.80
Add: Other charges	196,826.26	331,468.01
Total	<u>-1,688,520.56</u>	<u>2,213,766.69</u>

5.22. Non-operating Income

	<u>2023-04-01 To</u> <u>2024-03-31</u>	<u>2022-04-01 To</u> <u>2023-03-31</u>
Employee loss of work insurance premium	--	88,751.71
Employee work-related injury	40,481.11	--
Other	0.01	0.21
Government subsidies	22,277.00	--
Personal income tax service charge	7,419.89	4,712.30
Total	<u>70,178.01</u>	<u>93,464.22</u>

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5.23. Cash Flow Statement Supplementary Information

Items	<u>2023-04-01 To</u> <u>2024-03-31</u>	<u>2022-04-01 To</u> <u>2023-03-31</u>
1. Adjusting net profit to cash flow from operating activities:		
Net profit	-10,952,219.90	19,882,361.57
Add: Asset impairment provision	--	--
Depreciation of fixed assets, depreciation of oil and gas assets, depreciation of productive biological assets	3,203,287.80	3,265,353.87
Amortization of intangible assets	114,428.16	114,428.16
Long-term deferred expenses amortization	--	--
Disposal of fixed assets, intangible assets and other long-term assets (revenues are marked with "-")	28,147.00	--
Loss of fixed assets (revenues are marked with "-")	-4,363,990.73	--
Loss of fair value change (revenue is marked with "-")	--	24,899.05
Financial expenses (revenues are marked with "-")	--	--
Investment losses (revenues are marked with "-")	--	--
Deferred income tax assets decreased (increase by "-")	-1,869,369.81	1,959,264.80
Deferred income tax liabilities increased (reduced by "-")	--	--
Reduced inventory (increase by "-")	-14,508,168.38	-20,615,732.18
Reduction of operational receivables (increased by "-")	28,722,818.89	28,569,907.84
Increase in operational payables (reduced by "-")	-16,522,484.84	-12,104,003.35
Other (see note after the table)	--	--
Net cash flow from operating activities	-16,147,551.81	21,096,479.76
2. Significant investment and fundraising activities that do not involve cash receipts and payments:		
Conversion of debt into capital	--	--
Financing leased fixed assets	--	--
3. Net change in cash and cash equivalents:		
Ending balance of cash	23,664,347.11	40,410,095.94
Less: the opening balance of cash	40,410,095.94	21,425,093.38
Plus: the ending balance of cash equivalents	--	--
Less: the opening balance of cash equivalents	--	--
Net increase in cash and cash equivalents	-16,745,748.83	18,985,002.56

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6. OTHER MATERIAL ISSUES

6.1. Disclosure of related parties and their trade

Related party	Nature	Transactions			
		Provide services	Material procurement	Technology licensing fee	Selling goods
LAKSHMI MACHINE WORKS LIMITED	Parent Company	185,931.68	22,459,150.37	104,665.86	20,512.30
LMW MIDDLE EAST FZE	Same Control	--	--	--	163,941.10

6.2. Disclosure of related parties and their current accounts

Related party	Nature	Accounts receivable	Payment for goods payable	Other accounts payable
LAKSHMI MACHINE WORKS LIMITED	Parent Company	2,338,133.01	23,513,268.33	--
LMW MIDDLE EAST FZE	Same Control	163,941.10	--	--

6.3. Financial commitment

As of March 31, 2024, the company had no major financial commitments that needed to be disclosed.

6.4. Contingencies

As of March 31, 2024, the company had no major contingent issues to disclose.

6.5. Description of non-adjusted major events after the balance sheet date

As of the approval date of the audit report, the company has no need to disclose the non-adjusted major events after the balance sheet date.

6.6. Other important matters

From April 1, 2023 to March 31, 2024, the company disclosed no other important matters.

Enterprise
(Signature)

