

All Financial Statements are GAAP compliant, prepared by our outside Accountant, and are Unaudited

2016 INCOME STATEMENT

Jan - Dec 16

Ordinary Income/Expense

Income

Net Shipping Income	6,860
Product Sales	845,792
Refunds/Allowances	<u>16,577</u>

Total Income 869,229

Total COGS 717,305

Gross Profit 151,923

Expense

Interest Expense 56,025

Total Expense 720,121

Net Ordinary Income -568,197

Other Income/Expense

Other Income

Total Other Income -306,122

Other Expense

Depreciation 501,829

Total Other Expense 501,829

Net Other Income -195,537

Net Income -783,734

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2016 BALANCE SHEET

Dec 31, 16

ASSETS

Current Assets

Checking/Savings

00100 · Bank of Amer. 1618	52.01
00400 · Bangor Checking Acct. 4036	-31,055.70
00500 · PayPal Bank Account	204.29

Total Checking/Savings -30,799.40

Accounts Receivable

00900 · Accounts Receivable	22,047.27
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Total Accounts Receivable 22,047.27

Other Current Assets

05500 · Factored Invoices Sold	8,130.98
06100 · Undeposited Funds	-40,923.93
05700 · Inventory (WIP)	-6,214.65
05800 · Prepaid Expenses	21,446.00

Total Other Current Assets -17,561.60

Total Current Assets -26,313.73

Fixed Assets

02200 · Computer Software & Equipment 16,408.58

02100 · Accum Depr - Computer & Equip -8,943.95

02400 · Furniture & Fixtures 8,039.41

02300 · Accum. Dep - Furniture/Fixtures -3,761.91

02500 · Leasehold Improvements

02599 · Accum Depr. - Leasehold Imprv -188,896.74

02510 · Storage 6,884.97

02500 · Leasehold Improvements - Oth 599,538.26

Total 02500 · Leasehold Improvements 417,526.49

03000 · Machinery & Equipment

04300 · Accum Depr - M&E -256,259.78

03400 · Hank Hydro-Extractor (16) 31,760.00

03600 · RF Systems 40KW RF Dryer (1 81,000.00

03700 · Fadis D-SW Sincro hank to con 71,775.00

04000 · Laboratory Beaker Dye Test Ma 14,399.00

04100 · Datacolor Spectrophotometer (34,000.00

04200 · Package Hydro-Extractor (16) 35,888.00

03000 · Machinery & Equipment - Othe 393,879.40

Total 03000 · Machinery & Equipment 406,441.62

Total Fixed Assets 835,710.24

Other Assets

05200 · Loan Acquisition Costs 8,791.00

04700 · Accum. Amort. - Loan Acq. Costs -1,230.00

05101 · Registered Marks 4,167.00

	04800 · Accum. Amort (Registered Marks)	-717.80
	Total Other Assets	11,010.20
TOTAL ASSETS		820,406.71
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
08600 · Accounts Payable	163,834.51	
Total Accounts Payable	163,834.51	
Credit Cards		
01000 · American Express	9,780.37	
01200 · Bank of America 3	71,354.44	
Total Credit Cards	81,134.81	
Other Current Liabilities		
10501 · Security Deposit F	20,018.75	
Promisory Notes		
Susan Scher	30,000.00	
Total Promisory Notes	30,000.00	
10000 · TPL Financials	58,507.92	
09300 · LOC - Bangor Sav	6,774.88	
08800 · Customer Prepaid	-2,734.00	
09601 · Unclaimed Proper	309.85	
Total Other Current Liabilities	112,877.40	
Total Current Liabilities	357,846.72	
Long Term Liabilities		
10800 · Note Payable - Keely Electrical	92,217.74	
10900 · Note Payable - MB Mechanical	27,470.58	
10400 · Due to K. Raessler	15,500.00	
10600 · Note Payable - BSAEDC		
10670 · Note Payable - BS	24,028.72	
10660 · Note Payable - BS	110,441.03	
10610 · Note Payable - BS	47,881.06	
10620 · Note Payable - BS	6,959.86	
10630 · Note Payable - BS	200,000.00	
10640 · Note Payable - BS	102,160.64	
10600 · Note Payable - BS	89,119.39	
Total 10600 · Note Payable - BSAEDC	580,590.70	
10500 · Bangor Savings SBA - 0234	255,795.49	
10700 · CEI Note Payable - 6200	136,072.30	
11000 · Note Payable - MTI Developmer	238,538.72	
Total Long Term Liabilities	1,346,185.53	
Total Liabilities	1,704,032.25	
Equity		
01800 · Opening Balance Equity	-147,353.98	
01700 · KLR - Contributions	1,021,551.72	

01900 · Retained Earnings	-994,089.28
Net Income	-763,734.00
Total Equity	-883,625.54
TOTAL LIABILITIES & EQUITY	820,406.71

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016 CASH FLOW STATEMENT

Jan - Dec 16

OPERATING ACTIVITIES

Net Income -763,734.00

Adjustments to reconcile Net Income
to net cash provided by operations:

00900 · Acco	-49,822.43
05500 · Facto	-8,130.98
05700 · Inver	6,214.65
05600 · Finis	52,016.51
05800 · Prep	-20,209.85
08600 · Acco	128,295.20
01000 · Amei	9,780.37
01200 · Bank	1,960.73
10501 · Secu	20,018.75
09001 · Payr	-185.10
09001 · Payr	-9,712.07
09001 · Payr	-3,879.33
Promisory N	30,000.00
10000 · TPL I	58,507.92
09300 · LOC	-2,995.24
08800 · Cust	-2,734.00
09400 · Othe	-9,432.15

Net cash provided by Operating Activit -564,041.02

INVESTING ACTIVITIES

02200 · Computer Softwar	-627.50
02400 · Furniture & Fixtur	-1,077.41
02500 · Leasehold Improv	-238,695.68
02500 · Leasehold Improv	140,621.35
02500 · Leasehold Improv	-6,884.97
03000 · Machinery & Equi	-243,270.93
03000 · Machinery & Equi	198,834.52
03000 · Machinery & Equi	-31,760.00
03000 · Machinery & Equi	-14,399.00
03000 · Machinery & Equi	-34,000.00
03000 · Machinery & Equi	-35,888.00

Net cash provided by Investing Activiti -267,147.62

FINANCING ACTIVITIES

10800 · Note Payable - Ke	92,217.74
10900 · Note Payable - ME	27,470.58
10400 · Due to K. Raessle	-233,324.27
10600 · Note Payable - BS	88,329.52
10600 · Note Payable - BS	24,028.72
10600 · Note Payable - BS	110,441.03

10600 · Note Payable - BS	-11,197.44
10600 · Note Payable - BS	-788.67
10600 · Note Payable - BS	141,965.00
10600 · Note Payable - BS	49,125.64
10500 · Bangor Savings S	-27,957.44
10700 · CEI Note Payable	-16,702.70
11000 · Note Payable - MT	137,546.72
01800 · Opening Balance	-64,318.98
01700 · KLR - Contribution	450,955.58
Net cash provided by Financing Activities	<u>767,791.03</u>
Net cash increase for period	-63,397.61
Cash at beginning of period	<u>-8,325.72</u>
Cash at end of period	<u><u>-71,723.33</u></u>

CHANGES IN SHAREHOLDER'S EQUITY	2016
MAINE DYE & TEXTILES	

2016

CHANGES IN SHAREHOLDER'S EQUITY

MAINE DYE & TEXTILES

Beginning capital balance	-498928
+ Income earned during the period	
- Losses incurred during the period	763734
+ Owner contributions during the period	450956
- Owner draws during the period	
Ending capital balance	-811,706

Maine Textiles International, LLC (the “Company”) is a limited liability company organized to do business on April 19, 2012 under the State of Maine’s limited liability statute. The Company is licensed and holds the necessary permits to operate a wet textile processing facility supporting the textile manufacturing industry in the USA.

The Company commenced full-scale operations on September 1, 2012 providing B2B dyeing services to the artisan and craft markets with a focus on natural fiber yarns. This initial start-up was supported with additional investments in 2016 for equipment and the upgrade of a larger manufacturing plant to support its strategy of moving into the business of dyeing synthetic yarns (nylon and polyester) for industrial applications. This equipment started commercializing its initial research and development into production and expanding into the industrial markets as of September 2017.

The Company invested both equity and debt in this startup and expansion of its business to the extent that it is now short on working capital. The Company is dependent on and requires additional capital resources for the further growth of its business so that it can move past the breakeven point and become a profitable operation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 considers all highly liquid securities with an original maturity of less than three months to be cash equivalents. The Company’s cash and cash equivalents in bank deposit accounts at times, may exceed federally insured limits. The Company recognizes revenue when the product is shipped and invoiced to the customer and collection is reasonably assured.

In 2017 and with the addition of outside investors, the Company is now taxed as a partnership under federal and state law with any income subject to taxation at applicable federal and state rates. Having completed its 2016 federal and state filings as single member limited liability company, an extension for the 2017 tax filing

was filed and completion of the 2017 return is pending. The return will be subject to inspection under strict confidentiality agreements until the end of the following fiscal year. The Company occupies offices and manufacturing space under a 19 year Lease. The Company has listed the detail of its debt and equity on the enclosed Balance Sheet for review.

In addition to providing commissioned dyeing services to other companies for both natural and synthetic yarns the Company sells its own product to the trade under the brand name Paternayan. This is one of the most recognized brands in several wool markets. including needlepoint and Persian rug design and repair and offers the potential for excellent future growth.

