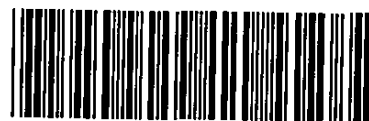


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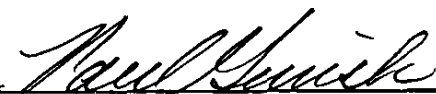
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**ROCHESTER ELECTRONICS, LTD.
CONSOLIDATED BALANCE SHEETS
AS OF OCTOBER 31,**

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS.</u>		
Cash	\$ 1,028,933	\$ 931,134
Accounts Receivable, Net	829,075	570,754
Other Current Assets	<u>145,602</u>	<u>126,206</u>
TOTAL CURRENT ASSETS	<u>2,003,610</u>	<u>1,628,094</u>
<u>PROPERTY AND EQUIPMENT:</u>		
Property and Equipment	330,733	306,733
Leasehold Improvements	44,932	44,932
Less: Accumulated Depreciation	<u>(155,601)</u>	<u>(117,382)</u>
NET PROPERTY AND EQUIPMENT	<u>220,064</u>	<u>234,283</u>
<u>OTHER LONG-TERM INVESTMENTS</u>		
Organization Costs, Net	<u>23,690</u>	<u>48,772</u>
TOTAL OTHER LONG-TERM INVESTMENTS	<u>23,690</u>	<u>48,772</u>
TOTAL ASSETS	<u>\$ 2,247,364</u>	<u>\$ 1,911,149</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

<u>CURRENT LIABILITIES</u>		
Accounts Payable - Trade	\$ 87,201	\$ 121,897
Accrued Expenses	299,409	181,183
Note Payable	<u>40,000</u>	<u>0</u>
TOTAL CURRENT LIABILITIES	<u>426,610</u>	<u>303,080</u>
<u>STOCKHOLDERS' EQUITY.</u>		
Common Stock 200,000 Shares Authorized, 4,000		
Issued and Outstanding	2,606	2,606
Retained Earnings	<u>1,818,148</u>	<u>1,605,463</u>
TOTAL STOCKHOLDERS' EQUITY	<u>1,820,754</u>	<u>1,608,069</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 2,247,364</u>	<u>\$ 1,911,149</u>


Director

December 2, 2016

ROCHESTER ELECTRONICS, LTD
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED OCTOBER 31,

	<u>2015</u>	<u>2014</u>
<u>SERVICE REVENUE</u>	\$ 3,888,778	\$ 3,919,856
<u>OPERATING EXPENSES</u>		
Salaries & Wages	1,751,991	1,704,640
Payroll Tax Expense	112,941	135,318
Accounting Services	113,891	103,169
Advertising	25,298	18,935
Amortization Expense	2,633	1,728
Bank Service Charges	10,669	8,675
Car Allowance	12,307	20,046
Consulting	427,872	444,108
Depreciation	38,219	35,432
Dues & Subscriptions	9,048	7,252
Employee Benefits	112,358	111,229
Employee Recruitment	58,003	45,449
Entertainment	45,168	45,303
Filing Fees	30	33
Freight	10,560	18
Insurance	30,147	23,036
Miscellaneous Expense	10,728	11,454
Office Expense	57,390	49,974
Postage	4,248	7,733
Professional Fees	2,384	8,160
Rent	241,973	242,656
Repairs & Maintenance	23,092	28,448
Selling Expense	16,291	35,537
Service Contracts	1,880	0
Taxes – Real Estate	42,238	45,413
Telephone	56,378	62,390
Trade Shows	9,407	10,968
Travel	219,690	315,805
Utilities	6,867	5,788
TOTAL OPERATING EXPENSES	<u>3,453,701</u>	<u>3,528,697</u>
INCOME FROM OPERATIONS	<u>435,077</u>	<u>391,159</u>
<u>OTHER INCOME</u>		
Interest Income	132	5,697
Gain (Loss) on Foreign Currency Exchange	(103,943)	0
TOTAL OTHER INCOME (LOSS)	<u>(103,811)</u>	<u>5,697</u>
<u>INCOME TAX EXPENSE</u>		
Corporate Income Tax – Massachusetts	5,850	3,630
Corporate Income Tax – United Kingdom	27,102	51,535
Corporate Income Tax – China	50,388	56,836
Corporate Income Tax – Germany	12,849	38,716
Corporate Income Tax – Japan	22,392	21,411
TOTAL INCOME TAX EXPENSE	<u>118,581</u>	<u>172,128</u>
NET INCOME	212,685	224,728
BEGINNING RETAINED EARNINGS	1,605,463	1,380,735
Less Dividend Distributions	0	0
ENDING RETAINED EARNINGS	<u>\$ 1,818,148</u>	<u>\$ 1,605,463</u>

See independent accountants' review report & notes to financial statements

Ryan & Coscia, P.C

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ROCHESTER ELECTRONICS, LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED OCTOBER 31,

	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES.</u>		
Net Income	\$ 212,685	\$ 224,728
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & Amortization	38,219	(13,340)
(Gain) Loss on Disposal of Fixed Assets	0	0
Changes in Operating Assets & Liabilities		
(Increase) Decrease in Accounts Receivable	(258,321)	3,553
(Increase) Decrease in Other Current Assets	(19,396)	(525)
(Increase) Decrease in Other Assets	25,082	0
Increase (Decrease) in Accounts Payable	(34,696)	43,618
Increase (Decrease) in Accrued Expenses	118,226	(26,035)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>81,799</u>	<u>231,999</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES.</u>		
Purchase of Fixed Assets	(24,000)	(26,590)
NET CASH USED IN INVESTING ACTIVITIES	<u>(24,000)</u>	<u>(26,590)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Increase (decrease) in other liabilities	40,000	0
Dividend Distribution	<u>0</u>	<u>0</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>40,000</u>	<u>0</u>
INCREASE (DECREASE) IN CASH	97,799	205,409
CASH, BEGINNING OF YEAR	<u>931,134</u>	<u>725,725</u>
CASH, END OF YEAR	<u>\$ 1,028,933</u>	<u>\$ 931,134</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

<u>Cash Paid For:</u>		
Income Taxes	\$ 118,581	\$ 172,128

ROCHESTER ELECTRONICS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
OCTOBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operation - Rochester Electronics, Ltd., of Newburyport, Massachusetts was organized on February 1, 1995. The Company acts as a manufacturer's marketing representative and maintains branch offices in Shanghai, China, the United Kingdom, Munich, Germany, Tokyo and Japan. During the Fiscal Year Ending October 31, 2015, the Corporation established a legal corporate entity in Singapore. The legal entity is Rochester Electronics, PTE, LTD. In addition, the Germany branch ceased operations and all activity was transferred to a legal corporate entity in Germany. The legal entity is Rochester Electronics, GmbH.

Accounts Receivable - At October 31, 2015 and 2014, the allowance for doubtful accounts was \$0.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Fixed Assets - All fixed assets are stated at cost. Depreciation is calculated over the estimated service lives using straight line and accelerated methods. Expenditures for major renewals and betterments are capitalized, while expenditures for repairs and maintenance are expensed in the period incurred.

Fair Value - The Company reports its qualifying assets and liabilities in accordance with the Fair Value Measurements and Disclosures Standards under U.S. GAAP. These standards define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurements. This policy establishes a fair value framework that prioritizes the inputs and assumptions used to measure fair value.

The three levels of the fair value framework are as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs other than quoted prices in active markets that are observable for the asset either directly or indirectly, including inputs in markets that are not considered active.

Level 3 - Inputs that are unobservable.

A qualifying asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. The Partnership's qualifying assets or liabilities are recorded at fair value using Level 1 inputs.

Revenue Recognition - Revenue is recognized on the basis of reimbursable costs incurred during the period plus a 12.5% service fee. Singapore is the only division with a 6.0% service fee. Revenues and expenses are recorded in U.S. dollars using the exchange rate at the time of the transaction.

Cash Equivalents - The Company defines its cash and cash equivalents to include only cash on hand, demand deposits and investments with original maturities of three months or less, with essentially no market risk.

Advertising - The Corporation expenses advertising costs as they are incurred. The expense for the years ending October 31, 2015 and 2014 were \$25,298 and \$18,935, respectively.

ROCHESTER ELECTRONICS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
OCTOBER 31, 2015 AND 2014

Subsequent Events - Management has evaluated subsequent events through June 30, 2016, the date the financial statements were available to be issued

Income Taxes - Effective February 1, 1995, the Corporation elected to be treated as a Subchapter "S" Corporation. The Corporation is not subject to United States Federal or State Corporate Income Taxes; however, they are subject to State Excise Taxes. The Company is subject to branch taxes in the United Kingdom, China, Japan and Germany. Effective March 1, 2015, the Company is subject to corporate taxes in Germany (GmbH) and Singapore (Pte Ltd).

Foreign Currency Transactions - All transactions are accounted for in U.S. dollars. Foreign currency exchange gains or losses are recorded on the effect of differences in exchange rates between the recording of and the subsequent collection or payment of various assets and liabilities.

The average exchange rates used for October 31 are as follows:

	<u>2015</u>	<u>2014</u>
United Kingdom Pound	\$ 1.50	\$ 1.65
China Yuan Renminbi	\$.125	\$.125
Germany Euros	\$ 1.10	\$ 1.33
Japanese Yen	\$.013	\$.013
Singapore Dollar	\$.714	

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Major Customer - The Company received 100% of its revenues from an affiliated corporation.

Cash Balances at a Single Financial Institution - The Company maintains cash balances in financial institutions located in the United Kingdom, Shanghai China, Germany, Tokyo, Japan, and United States. The UK Financial Services Compensation Scheme (FSCS) insures Bank Accounts up to the first 85,000£ in 2015 and 2014. The cash accounts exceeded the limits for October 31, 2015 and 2014 by 285,239£ (427,858 USD) and 218,142£ (359,934 USD), respectively. The Company monitors its balances and its banking relationships regularly to minimize any risk.

Cash balances on October 31 in U.S. Dollars were:

	<u>2015</u>	<u>2014</u>
United Kingdom	\$ 682,859	\$ 640,435
China	19,067	11,133
USD Account - GmbH	31,928	0
Germany	79,994	208,310
Japan	69,258	63,409
US dollars	134,333	7,847
Singapore	11,494	0
	<u>\$ 1,028,933</u>	<u>\$ 931,134</u>

ROCHESTER ELECTRONICS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
OCTOBER 31, 2015 AND 2014

NOTE 3 - OTHER CURRENT ASSETS

Other Current Assets at October 31 consist of the following

	<u>2015</u>	<u>2014</u>
Prepaid Insurance	\$ 1,446	\$ 1,071
Prepaid Miscellaneous	12,942	18,054
Prepaid Rent	20,816	22,669
Security Deposit	44,238	30,806
VAT Reclaimable	36,874	24,320
IRC Section 444 Deposits	29,286	29,286
	<u>\$ 145,602</u>	<u>\$ 126,206</u>

NOTE 4 - ACCRUED EXPENSES

Accrued Expenses at October 31 consist of the following

	<u>2015</u>	<u>2014</u>
Foreign Tax	\$ 69,402	\$ 83,962
Mass Corporate Tax	5,014	3,795
Payroll	91,230	27,433
Miscellaneous	133,763	65,993
	<u>\$ 299,409</u>	<u>\$ 181,183</u>

NOTE 5 - RENT

The Corporation entered into a new lease agreement in the United Kingdom commencing January 1, 2012 for a term of ten years and six months. The first six months is rent-free. The base annual rent payments commencing on June 30, 2012 is approximately \$102,300 per year for the first five years. The annual rent is payable in advance in four equal quarterly payments of \$25,625. The lease has an escalation clause of 2.5% compounded per annum. The agreed annual rent after five years will be approximately \$115,743 and will further increase to \$130,952 at the end of the tenth year. However, there is an option to break the lease in the fifth year.

The Corporation leases offices in Shanghai, China under a three-year lease, which expires on May 31, 2017. The base annual rent of \$46,872 was payable in advance monthly in installments of approximately \$3,906, plus management fees. The lease was renewed for an additional three years on June 1, 2011.

The Corporation leases offices in Munich, Germany under an at will lease. The right to terminate the contract is available to the Lessor and Lessee with a ten-week notice. The initial base monthly rent was \$1,654 plus 2.5% over base after the first year. The lease is revised annually. The current base monthly rent is approximately \$2,190.

On November 1, 2011, the Corporation entered into a one-year renewable lease agreement in Tokyo, Japan. The base monthly rent is \$4,608 ending on October 31, 2015. The lease was renewed November 1, 2015 for an additional one-year term and will expire on October 31, 2016. Effective November 1, 2010, the Corporation employs a Consultant and one employee in Tokyo, Japan.

ROCHESTER ELECTRONICS, LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Cont.)
OCTOBER 31, 2015 AND 2014

NOTE 5 - RENT (Cont)

On September 1, 2015, the Corporation entered into a three-year lease agreement in Singapore. The base monthly rent is \$5,044, payable in advance. The lease expires on August 31, 2017 and is renewable for an additional two-year term.

The future minimum commitments under these leases are:

Year Ending October 31

2016	\$ 149,172
2017	115,743
2018	115,743
2019	115,743
2020	115,743
	<u>\$ 612,144</u>

NOTE 6 - UNCERTAINTY IN INCOME TAXES

The Company has adopted the provisions of the Accounting for Uncertainty in income taxes topic under generally accepted accounting principles in the United States of America. This guidance addresses the accounting uncertainty in income taxes recognized in Company's financial statements and prescribes a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. It also provides related guidance on measurement classification, interest and penalties and disclosures. As a result of the implementation of this guidance, the Company has determined that it has no uncertain tax positions requiring accrual and disclosure. The adoption of these standards had no financial statement effect on the Company. The Company files tax returns for United States Federal and Massachusetts reporting purposes. The Company is not under audit in any jurisdiction for any period and its tax returns are current. Generally, tax years are open for Internal Revenue Service audit for up to three years.