

**First Airways Inc.**  
**Financial Statements**  
**For the Years Ended March 31, 2018**  
**and 2017**

**First Airways Inc.**  
**Contents**  
**March 31, 2018 and 2017**

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### **Independent Auditors' Report**

To the Shareholder of  
First Airways Inc.

We have audited the accompanying balance sheets of First Airways, Inc. (the "Company") as of March 31, 2018 and 2017, and the related statement of operations and accumulated deficit, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of First Airways, Inc as of March 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*M. B. Jain*

New York, NY  
May 13, 2018

**First Airways, Inc.**  
**Balance Sheets**  
**March 31, 2018 and 2017**

	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Assets</b>		
Current assets		
Cash	\$ 85,815	\$ 8,291
Advance to creditor	41,832	451,550
Aircraft purchase option-current	37,070	92,674
Prepaid Interest	-	9,097
Total current assets	<u>164,717</u>	<u>561,612</u>
Aircraft purchase option-non current	-	-
<b>Total assets</b>	<b><u>\$ 164,717</u></b>	<b><u>\$ 561,612</u></b>
<b>Liabilities and stockholder's equity</b>		
Current liabilities		
Loan from bank	\$ -	\$ 494,021
Advance from customer	96,782	-
Total current liabilities	<u>96,782</u>	<u>494,021</u>
<b>Total liabilities</b>	<b><u>96,782</u></b>	<b><u>494,021</u></b>
Stockholder's equity		
Common stock of \$1 par		
11,050,000 shares authorized		
1,150,000 shares issued and outstanding	1,150,000	1,150,000
Accumulated deficit	(1,082,065)	(1,082,409)
<b>Total stockholder's equity</b>	<b><u>67,935</u></b>	<b><u>67,591</u></b>
<b>Total liabilities and stockholder's equity</b>	<b><u>\$ 164,717</u></b>	<b><u>\$ 561,612</u></b>

The accompanying notes are an integral part of these financial statements.

**First Airways, Inc.**  
**Statements of Operations and Accumulated Deficit**  
**March 31, 2018 and 2017**

	<b>March 31,</b>	
	<b>2018</b>	2017
<b>Sale</b>	<b>\$ 2,259,954</b>	269,011
<b>Cost of goods sold</b>	<b>2,185,072</b>	266,327
Gross profit	<b>74,882</b>	2,684
<b>Operating expenses</b>		
General and administrative expenses	<b>61,191</b>	89,795
Interest expense	<b>9,097</b>	9,725
<b>Total cost and expenses</b>	<b>70,288</b>	99,520
<b>Loss before income tax</b>	<b>4,594</b>	(96,836)
Income taxes	<b>4,250</b>	4,250
<b>Net income (loss)</b>	<b>344</b>	(101,086)
Accumulated deficit, beginning	<b>(1,082,409)</b>	(981,323)
<b>Accumulated deficit, ending</b>	<b>\$ (1,082,065)</b>	\$ (1,082,409)

The accompanying notes are an integral part of these financial statements.

**First Airways, Inc.**  
**Statements of Cash Flows**  
**March 31, 2018 and 2017**

	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ 344	\$ (101,086)
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Amortization	55,604	92,671
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Prepaid expenses	9,097	(9,097)
Advance from customer	96,782	-
Decrease in advance to creditor	409,718	17,758
<b>Net cash provided by operating activities</b>	<b>571,545</b>	<b>246</b>
<b>Cash flows from financing activities</b>		
Loan from bank	(494,021)	-
<b>Net cash used in financing activities</b>	<b>(494,021)</b>	<b>-</b>
<b>Net increase in cash</b>	<b>77,524</b>	<b>246</b>
<b>Cash</b>		
Beginning	8,291	8,045
Ending	<b>\$ 85,815</b>	<b>\$ 8,291</b>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for:		
Income taxes	\$ 4,250	\$ 4,250

The accompanying notes are an integral part of these financial statements.

**First Airways Inc.**  
**Notes to Financial Statements**  
**Years Ended March 31, 2018 and 2017**

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**1. Organization**

First Airways Inc. (First Airways Inc. or the "Company") was incorporated on November 21, 2007 in the state of Delaware. It is a wholly owned subsidiary of TAAL Enterprises Ltd. ("TEL") a company incorporated in India. TEL was formed as a result of demerger of charter division of Taneja Aerospace & Aviation Limited ("TAAL") under the scheme of demerger

First Airways Inc. was initially set up to establish, maintain, provide, and operate air services and chartered services for carriage of passengers, mails, documents, parcels and freight by airplanes, aircrafts or other means of transport in USA or elsewhere. Effective, the year ended March 31, 2017, the Company began buying and selling of steel seamless tubes.

**2. Summary of Significant Accounting Policies**

**Cash**

The Company maintains its cash balances in two financial institutions, which at times may exceed the federally-insured limits. As of March 31, 2018, the Company has no balances at any financial institutions which exceeded the federally-insured limits. The Company has not experienced any losses in such accounts.

**Aircraft purchase option**

Aircraft purchase options are recorded at cost on the date of acquisition.

Aircraft purchase option is amortized over the following estimated useful lives or the legal life (as per the amended agreement), whichever is lower with a mid quarter convention:

<i>Assets</i>	<i>Estimated useful life</i>
Aircraft purchase option	132 months

**Use of Estimates**

In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure 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.

**Income Taxes**

Authoritative guidance on accounting for income taxes requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on differences between the financial statement and tax bases of assets and liabilities, using enacted tax rates in effect for the year in which the difference are expected

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to reverse. Valuation allowances are established when necessary to reduce deferred tax assets to amounts expected to be realized.

The Company follows the authoritative guidance relating to uncertainty in income taxes which prescribes a comprehensive model for the manner in which a company should recognize, measure, present and disclose in its financial statements all material uncertain tax positions that they have taken or expect to take on a tax return. As of March 31, 2018 and 2017, the only tax jurisdiction to which the Company is subject is the United States. Open tax years relate to years in which unused net operating losses were generated. As of the adoption of this authoritative guidance, the Company's open tax years extend back to 2008. In the event that the Company concludes that it is subject to interest and/or penalties arising from uncertain tax positions, the Company will present interest and penalties as a component of income taxes. No amounts of interest or penalties were recognized in the Company's statements of operations or balance sheets upon adoption of this authoritative guidance or as of and for the years ended March 31, 2018 and 2017.

**Subsequent Events**

In preparing these financial statements, the Company has evaluated subsequent events through May 13, 2018, which is the date that the financial statements were available for issuance. All appropriate subsequent event disclosures, if any, have been made in the notes to the financial statements.

**3. Aircraft Purchase Option**

	<u>2018</u>	<u>2017</u>
Aircraft purchase option	<b>\$ 926,737</b>	\$926,737
Less: Accumulated amortization	<b><u>(926,737)</u></b>	<u>(926,740)</u>
	-	(3)
Aircraft purchase option - current portion	<b><u>37,070</u></b>	<u>92,671</u>
	<b><u>\$37,070</u></b>	<u>\$92,668</u>

On December 11, 2007, the Company purchased an aircraft purchase option vide option agreement ("agreement") for Cessna aircraft 525A; Serial Number 525A-0373 ("aircraft") from Cessna Finance corporation ("CFC"). The said aircraft is leased to TAAL (the erstwhile parent company) vide aircraft lease No. 01-0043297-0010559-01 ("aircraft lease"), dated December 11, 2007 for a term of 120 months. As per the agreement, the Company has an option to purchase the Cessna aircraft subject to aircraft lease on any monthly lease rental payment date or on the last day of the term of the lease. In the event this option is exercised, the company shall, on or before the date of purchase, pay CFC the Stipulated Loss Value of

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the aircraft plus all other sums then due under the aircraft lease or under any other agreements, which will be considered as the “Purchase Option Price”.

On January 22, 2018, the Company entered into an amendment to this agreement whereby the purchase option period has been extended to December 12, 2018.

Considering the above amended agreement, the balance lying in Aircraft purchase option as at 1st April 2017 amounting to US \$ 92,674 is being amortized over the balance period of 20 months.

As per the amended agreement, the Stipulated Loss Value at the end of the 132 month lease term is \$1,550,082.

The Company is estimating the use of the Aircraft purchase option at the end of the 132 month lease term with mid-quarter convention. Amortization for each of the years ended March 31, 2017, was approximately \$93,000. The aircraft was put to use on February 20, 2008.

**4. Credit facility**

On October 16, 2015, the Company obtained a Stand by letter of credit loan facility from Bank of India, Hong Kong to facilitate discounting of an export transaction of TAAL. Under the arrangement, the Company obtained a loan of \$494,021 from Bank of India which was collateralized by the stand by letter of credit issued by TAAL’s bank. The facility was renewed through September 30, 2017 and carried interest at the rate of 12 months LIBOR plus 2.25% per annum.

The loan amount, net of interest charged by the bank was advanced TAAL and included in advance to creditor in the accompanying balance sheet.

This loan was repaid at its due date.

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**5. Income Taxes**

The following is the summary of items giving rise to deferred tax assets:

	<b>As at</b> <b>March 31, 2018</b>	As at March 31, 2017
Net operating loss carry forwards	\$ <b>367,902</b>	\$ 368,019
Non current deferred tax assets, net	\$ <b>367,902</b>	\$ 368,019
Less: Valuation allowance	\$ <b>(367,902)</b>	\$ (368,019)

At March 31, 2018, the Company had available net operating loss carry forwards of approximately \$1,082,000 for Federal and state income tax purposes, which expire in 2028 through 2037. Deferred tax assets are related to the Company's net operating losses to be carried forward for Federal and state tax purposes. At March 31, 2018 and 2017, management believed that a deferred tax asset valuation allowance was deemed necessary given the current estimates of future taxable income and its evaluation of the likelihood that all deferred tax assets will be realized.