RENAISSANCE JEWELRY NEW YORK, INC.

AUDITED BALANCE SHEET

As of March 31, 2017

RENAISSANCE JEWELRY NEW YORK, INC.

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UHY LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders
Renaissance Jewelry New York, Inc.

We have audited the accompanying balance sheet of Renaissance Jewelry New York, Inc. (the "Company") as of March 31, 2017, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this audited balance sheet in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this balance sheet based on our audit. We conducted our audit 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 balance sheet is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the balance sheet. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the balance sheet, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the balance sheet in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of the Company as of March 31, 2017, in accordance with accounting principles generally accepted in the United States of America.

UHY LLP

New York, New York
May 26, 2017

FINANCIAL STATEMENT

RENAISSANCE JEWELRY NEW YORK, INC.
BALANCE SHEET
MARCH 31, 2017

ASSETS	
CURRENT ASSETS	
Cash	**$ 600,267**
Accounts receivable, net of allowances of $2,347,314	**10,098,489**
Accounts receivable, related party	**796,692**
Inventories	**48,846,973**
Prepaid expenses and other current assets	**449,803**
Deferred tax asset	**229,000**
Total current assets	**61,021,224**
NOTES RECEIVABLE - RELATED PARTY	**62,968**
PROPERTY AND EQUIPMENT, NET	**271,440**
INTANGIBLE ASSET, NET	**766,668**
OTHER ASSETS	**199,174**
Total assets	**$ 62,321,474**
LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Accounts payable, trade	**$ 1,126,686**
Accounts payable, related party	**24,435,352**
Accrued expenses	**790,023**
Deferred rent - current portion	**27,382**
Total current liabilities	**26,379,443**
LONG-TERM DEBT	**18,000,000**
DEFERRED RENT, NET OF CURRENT PORTION	**134,626**
DEFFERED TAX LIABILITY	**13,000**
Total liabilities	**44,527,069**
COMMITMENTS AND CONTINGENCIES (NOTE 6)	
STOCKHOLDER'S EQUITY	
Common stock, no par value; authorized 200 shares; issued and outstanding 100 shares	**-**
Additional paid-in capital	**12,000,000**
Retained earnings	**5,794,405**
Total stockholder's equity	**17,794,405**
Total liabilitites and stockholder's equity	**$ 62,321,474**

NOTE 1 — NATURE OF BUSINESS

Nature of Business

Renaissance Jewelry New York, Inc. ("Renaissance" or the "Company") is a wholly owned subsidiary of Renaissance Jewellery Limited, a company based in India. The Company was incorporated on April 23, 2007 under the laws of the State of New York. VGJA, Inc., a wholly owned subsidiary of the Company, was incorporated on November 14, 2013 under the laws of the State of New York and has been fully dissolved effective March 31, 2016.

The Company is an importer and wholesaler of diamonds and jewelry whose customers are located primarily throughout the United States of America. Large retail chains comprise a significant portion of Renaissance's customer base. Management believes that credit risk resulting from concentrations is limited due to the large number of entities comprising this base and their dispersion across many different geographic regions.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying balance sheet is prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company places its cash primarily in checking accounts with high quality financial institutions which from time to time exceed the Federal Deposit Insurance Corporation ("FDIC") coverage limit, the composition and maturities of which are regularly monitored by management.

The Company extends credit based on an evaluation of the customer's financial condition, generally without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses when required. Credit losses, when realized, have been within the range of the Company's expectations and, historically, have not been significant.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

Cash is maintained in FDIC insured accounts at credit qualified financial institutions. At times, such amounts may exceed FDIC insurance limits. Management believes that credit risk related to uninsured deposits is minimal.

Accounts Receivable

Credit sales are made to customers in the normal course of business and are generally stated at the amount management expects to collect from outstanding balances. The Company monitors its exposure for credit losses and maintains allowances for anticipated losses. The Company establishes a reserve for uncollectible accounts based on an evaluation of the status of past due customer invoices and the customer's collection history and financial condition. The receivable is written off against the reserve only when all efforts to collect the balance have been exhausted. Write-offs of accounts receivable have historically been low and the Company expects collection of the accounts receivable balance within one year.

Inventories

Inventories are stated at the lower of cost (average cost method) or market (net realizable value).

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment consists of computers and equipment, furniture and fixtures, and leasehold improvements recorded at cost. Depreciation is accounted for on a straight-line basis over the estimated useful lives of the assets, ranging from 3 to 10 years.

Intangible Assets

Intangible assets, other than goodwill, consist of various assets which have finite useful lives and are carried at cost less accumulated amortization. Amortization is provided using the straight-line method over the estimated useful lives of the intangible assets. The Company's policy is to review intangible assets with finite lives for possible impairment whenever events and circumstances indicate that the carrying value may not be recoverable. If forecasted undiscounted cash flows to be generated by the asset are not expected to be adequate to recover the assets carrying value, an impairment charge is recorded for the excess of the asset's carrying value over its estimated fair value. Fair values are determined based on discounted cash flows, quoted market values or external appraiser as applicable. In assessing the recoverability of the Company's intangible asset, the Company must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. These include estimation of future cash flows, which is dependent on internal forecasts, estimation of the long-term rate of growth for the Company, the period over which cash flows will occur, and determination of the Company's cost of capital. Changes in these estimates and assumptions could materially affect the determination of fair value and conclusion on impairment.

NOTE 2 — SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The Company reviews the carrying values of its long-lived assets including finite-lived intangible assets in accordance with accounting for *Long-Lived Assets,* when events or changes in circumstances would indicate that it is more likely than not that their carrying values may exceed their realizable values, and records impairment charges when considered necessary.

When circumstances indicate that impairment may have occurred, the Company tests such assets for recoverability by comparing the estimated undiscounted future cash flows expected to result from the use of such assets and their eventual disposition to their carrying amounts. In estimating these future cash flows, assets and liabilities are grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows generated by other such groups. If the undiscounted future cash flows are less than the carrying amount of the asset, an impairment loss, measured as the excess of the carrying value of the asset over its estimated fair value, is recognized. Fair values are determined based on discounted cash flows, quoted market values or external appraiser as applicable.

Revenue Recognition

Sales and related costs are generally recorded by the Company upon shipment of merchandise and transfer of title and risk of loss to customers. Sales are recorded net of estimated discounts, returns and allowances.

Deferred Rent

The Company's operating lease contains predetermined fixed escalations of minimum rent payments during the original lease term. For the lease, the Company recognizes the related rental expense on a straight-line basis over the life of the lease and records the difference between the amounts charged to operations and amounts paid as deferred rent, which is included in accrued expenses on the Company's balance sheet.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is required if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are based on the current period taxable income for Federal, state and local income tax reporting purposes.

NOTE 2 — Significant Accounting Policies (Continued)

Uncertain Tax Positions

The Company follows guidance issued by the Financial Accounting Standards Board ("FASB") ASC 740 Accounting for Income Taxes, regarding accounting for uncertainty in income taxes. This guidance clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement.

The Company records income tax related interest and penalties as a component of the provision for income tax expense. As of March 31, 2017, the Company determined there were no uncertain tax positions.

The Company believes that there are no tax positions taken or expected to be taken that would significantly increase or decrease unrecognized tax benefits within 12 months of the reporting date.

Subsequent Events

For purposes of preparing this financial statement, the Company considered events through May 26, 2017, the date these financial statements were available to be issued.

NOTE 3 — INVENTORIES

Inventories consist of the following at March 31, 2017:

Inventory in-house	$ 21,295,082
Inventory held-by-others	27,551,891
	$ 48,846,973

NOTE 4 — PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31, 2017:

Furniture and fixtures	$ 66,697
Machinery and equipment	206,185
Leasehold improvements	290,333
	563,215
Less accumulated depreciation	291,775
	$ 271,440

NOTE 5 — INTANGIBLE ASSET

The net carrying value of the intangible asset is approximately $767,000 which consists of $2,000,000 of gross costs, net of accumulated amortization of approximately $1,233,000 at March 31, 2017. Intangible asset is amortized using the straight-line method over the estimated useful life of the asset at 180 months.

Estimated amortization expense for the next five fiscal years and thereafter is as follows:

Year Ending March 31,		
2018	$	133,333
2019		133,333
2020		133,333
2021		133,333
2022		133,333
Thereafter		100,001
	$	766,668

NOTE 6 — LONG-TERM DEBT

On September 26, 2016, the Company entered into an agreement with KeyBank National Association which extended a revolving line of credit up to an aggregate principal amount of $25,000,000. The line of credit proceeds are utilized for working capital purposes. Borrowings under the line are subject to a borrowing base limitation consisting of specified percentages of eligible accounts receivable and inventories. Interest rate on the borrowings is calculated as a function of the bank's prime rate or LIBOR. The interest rate at March 31, 2017 was 3.18% and the revolving line of credit matures on September 26, 2019.

The total outstanding balance of the revolving line of credit are secured by substantially all the assets of the Company. The revolving line of credit contains various covenants which requires the Company to meet certain financial covenants. At March 31, 2017, the Company was in compliance with all of its covenants.

NOTE 7 — 401(K) PLAN

The Company has established a 401(k) savings plan ("the Plan") which covers substantially all employees that meet certain requirements. At the discretion of the Company, the Plan provides for an employer contribution election which is discretionary and is based on eligible amounts contributed to the Plan by its participants.

NOTE 8 — COMMITMENTS AND CONTINGENCIES

Operating Leases

The Company is obligated under a non-cancellable operating leases for office space and facilities through February 28, 2023.

NOTE 8 — COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases (Continued)

Future minimum rental payments are as follows:

Years Ending March 31,		
2018	$	512,480
2019		512,480
2020		512,480
2021		512,480
2022		512,480
Thereafter		469,773
	$	3,032,173

Rent expense is recognized on a straight-line basis over the term of the lease, including free rent periods. Differences between rent expense recognized and contractual amounts due under the lease agreement are recorded as deferred rent liability.

NOTE 9 – RELATED PARTIES TRANSACTIONS

As of March 31, 2017, the Company had accounts receivable of approximately $282,000 and $515,000 from Renaissance Jewellery Limited and Renaissance Jewellery Bangladesh Private Limited, respectively, who are both a related party through common ownership.

As of March 31, 2017, the Company had outstanding notes receivable of approximately $63,000 from Housefull International Limited, a related party through common ownership.

As of March 31, 2017, the Company made advance payments of approximately $200,000 from Renaissance Jewellery Bangladesh Private Limited.

As of March 31, 2017, the Company had accounts payable of approximately $24,435,000 to Renaissance Jewellery Limited.

NOTE 10 — INCOME TAXES

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The tax effects of temporary differences that give rise to significant portions of the net deferred tax asset are presented below:

	2017
Current deferred tax assets:	
Allowance for bad debts	$ 18,000
Allowance for returns	18,000
Deferred rent - current portion	10,000
Inventory capitalization	183,000
Total current deferred tax asset	$ 229,000
Non-current deferred tax assets (liabilities):	
Deferred rent	49,000
Depreciation	(62,000)
Total non current deferred tax (liabilities)	$ (13,000)
Net deferred tax asset	$ 216,000