ADDENTAX GROUP CORP.

Notes to the Condensed Financial Statements (Unaudited)

For the six months ended September 30, 2016

Note 1. ORGANIZATION AND NATURE OF BUSINESS

Addentax Group Corp. ("the Company", "we", "us" or "our") was incorporated in Nevada on October 28, 2014, and the Company is engaged in the field of producing images on multiple surfaces using heat transfer technology.

Note 2. GOING CONCERN

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which assume the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. However, the Company has generated limited revenues and has a working capital deficit as of September 30, 2016. The Company has not completed its efforts to establish a stabilized source of revenues sufficient to cover operating costs over an extended period of time and currently does not have the funding to fully implement its business-plan. Therefore there is substantial doubt about the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon the Company generating sustainable profitable operations in the future and, or, obtaining the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due and finance the implementation of its business plan.

Management anticipates that the Company will be dependent, for the near future, on additional investment capital to fund operating expenses The Company intends to position itself so that it will be able to raise additional funds through the capital markets. In light of management's efforts, there are no assurances that the Company will be successful in this or any of its endeavors or become financially viable and continue as a going concern.

Note 3. SUMMARY OF SIGNIFCANT ACCOUNTING POLICIES

Basis of presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. The Company's year-end is March 31. The accompanying unaudited interim financial statements and related notes have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, and with the rules and regulations of the United States Securities and Exchange Commission set forth in Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. The unaudited interim financial statements furnished reflect all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. Unaudited interim results are not necessarily indicative of the results for the full fiscal year. These financial statements should be read in conjunction with the financial statements of the Company for the fiscal year ended March 31, 2016 and notes thereto contained in the Company's Annual Report on Form 10-K.

Use of 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 and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basic Income (Loss) Per Share

The Company computes income (loss) per share in accordance with FASB ASC 260 "Earnings per Share". Basic loss per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of outstanding common shares during the period. Diluted income (loss) per share gives effect to all dilutive potential common shares outstanding during the period. Dilutive loss per share excludes all potential common shares if their effect is anti-dilutive. During the six months ended September 30, 2016 and September 30, 2015 there were no potentially dilutive debt or equity instruments issued or outstanding.

Revenue Recognition

The Company recognizes revenue in accordance with Accounting Standards Codification No. 605, “Revenue Recognition” ("ASC-605"), ASC-605 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred; (3) the selling price is fixed and determinable; and (4) collectability is reasonably assured. Determination of criteria (3) and (4) are based on management's judgments regarding the fixed nature of the selling prices of the products delivered and the collectability of those amounts. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related sales are recorded. The Company will defer any revenue for which the product has not been delivered or is subject to refund until such time that the Company and the customer jointly determine that the product has been delivered or no refund will be required.

Recent Accounting Pronouncements

We have reviewed all the recently issued, but not yet effective, accounting pronouncements and we do not believe any of these will have a material impact on the Company.

Note 4. SHAREHOLDER’S EQUITY

The Company has 150,000,000, $0.001 par value shares of common stock authorized.

During April 2016, the Company issued a total of 37,000 common shares for cash contributions of $554.

There were 6,920,000 shares of common stock issued and outstanding as of September 30, 2016.

Note 5. LOAN FROM DIRECTOR

The Company will continue to rely on advances from related parties until when it can support its operations through generating revenue, attaining adequate financing through sales of its equity securities or traditional debt financing. There is no formal written commitment by the shareholders to continue to support the company's operation. The amounts due to shareholders represent advances or amounts paid on behalf of the Company in satisfaction of liabilities. These advances are considered temporary in nature and have not been formalized by promissory notes.

The balance due to Otmane Tajmouati, the Company's sole officer and director, as of September 30, 2016 was $ 20,600 . This loan is unsecured, non-interest bearing and due on demand.

Note 6. COMMITMENTS AND CONTINGENCIES

Lease agreement

The Company has a lease agreement that was signed on December 15, 2014. On February 25, 2016, the Company extended the agreement for one year, and it will expire on February 28, 2017. The Company is renting 30 square meters of office space for $190 per month.

Litigation

We were not subject to any legal proceedings during the three months ended September 30, 2016 and we know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers, affiliates, or any registered or beneficial shareholder is an adverse party or has a material interest adverse to our interest.

Note 7. SUBSEQUENT EVENTS

In accordance with SFAS 165 (ASC 855-10) the Company has analyzed its operations subsequent to September 30, 2016 to the date these financial statements were issued, and has determined that it does not have any material subsequent events to disclose in these financial statements.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This annual report and other reports filed by Addentax Group Corp. ("we," "us," "our," or the "Company"), from time to time contain or may contain forward-looking statements and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words "anticipate," "believe," "estimate," "expect," "future," "intend," "plan," or the negative of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments, and assumptions. We believe that the estimates, judgments, and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments, and assumptions are made. These estimates, judgments, and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates.

Overview

Addentax Group Corp. was incorporated in the State of Nevada on October 28, 2014 and established a fiscal year-end of March 31. We are in the development stage and were incorporated to produce images on multiple surfaces, such as glass, leather, plastic, ceramic, textile, and others using a 3D sublimation vacuum heat transfer machine.

Our business office is located at 70, Av Allan Ben Abdellah, Fes, Morocco 30000. Our telephone number is +17026606161.

Our Business

The Company is working on a field of producing images on a surface such as glass, leather, plastic, ceramic, textile, and others using 3D sublimation vacuum heat transfer machines. Heat transfer technology is one of most economical methods of application. This modern technology has been quite popular for many years and has not lost its relevance. Materials for images can be varied, such as ceramics, glass, crockery of different quality, metal, clothing, caps, bags, leather products and other products. Our products are intended for individuals, business owners associated with the sale of souvenirs, and business owners who intend to order souvenirs in the corporate style. In order to organize our business, we need equipment and supplies, so that we can make the images on customer's products, and then we will rent more warehouse space for goods on which to apply the images. We plan to conclude a contract of carriage with local shipping companies for delivery of our goods to other cities such as Meknes, Rabat, Kenitra and worldwide.

3D sublimation vacuum heat transfer machine

We use 3D sublimation vacuum heat transfer technology to apply images on many surfaces. The 3D sublimation vacuum heat transfer machine does not require high technical skill for product production. A set of printing materials includes the machine itself, and all raw materials necessary for setting up and testing, and raw materials for the production process.

Our industrial flatbed printing machine is not large, is user-friendly, is simple to maintain, and doesn't require any special service.

Target market

We can determine two different directions our product can cover - corporate and private. By corporate, we mean large and small companies, who always care about image and updating company information. Corporate styles of any company are often reflected by printed images on pens, souvenirs, notepads, laptops and others. We are ready to provide image printing on any of the aforesaid products. By private we mean any private events, where memorable gifts can be suitable. Weddings, birthdays, and

anniversaries, any holiday of any scale can become even more memorable with some kind of commemorative image on a glass or metal souvenir, which can be hung on the wall, for example. Addentax Group Corp. is able to offer any type of client the printed product that can meet its special requirements.

We have signed a contract for the sale of goods with Derb il Horra, a small enterprise, which is involved mostly in selling souvenirs not only in Fes, but also in another cities in Morocco.

Marketing

Our sole officer and director, Otmane Tajmouati, is responsible for the marketing of the Company. We intend to use marketing strategies, such as the World Wide Web, namely, dissemination of information on social networks such as Facebook, Twitter and other sites with ads, direct mailing, and distribution of flyers in hotels, cafes and restaurants, by handing out flyers in public and tourists' spots and shopping malls to acquire potential customers. We believe that one of the most powerful aspects of online marketing is the ability to target our chosen group with a high degree of accuracy that will also be cost effective. We will use many online marketing tools to direct traffic to our website and identify potential customers. As of the date of these financial statements we have registered a domain name for our website www.addentaxgroup.com and have included initial information about the Company and its products. To accomplish this, we plan to contact an independent web designing company. Our website describes our products, shows our contact information, and includes some general information and pictures of our products. We also plan to attend shows and exhibitions in our industry and other related industries, where it would be appropriate to attract new customers and advertise our products. We will also promote our products through word-of-mouth.

Also, we have prepared a brochure representing Addentax Group Corp. and our business, which contains basic information about the Company. We believe it will help us in our marketing upon commencement of our production process and for making our products known to potential customers.

Storage and delivery

The product produced by Addentax Group Corp. does not require any storage facilities. It is produced directly for each order. The number of demonstration samples kept is insignificant and doesn't require any special premises for storage. We intend to sign a contract with a freight company to deliver our products. We expect that term of delivery shall be not more than 15 days, which shall include production and acceptance by clients.

Competition

We are in direct competition with other companies offering similar products. Nearly all Addentax Group Corp.'s competitors have significantly greater financial resources, technical expertise, and managerial capabilities than Addentax Group Corp. We are, consequently, at a competitive disadvantage in being able to provide such products and become a successful company in the printing industry. Therefore, Addentax Group Corp. may not be able to establish itself within the industry at all.

Insurance

We do not maintain any insurance and do not intend to maintain insurance in the future. Because we do not have any insurance, if we are made a party of a products liability action, we may not have sufficient funds to defend the litigation. If that occurs, a judgment could be rendered against us that could cause us to cease operations.

Employees

We are at a development stage and do not have employees, other than our sole officer, Otmane Tajmouati, who will initially perform all work in production and organization of our business.

Offices

Our business office is located at 70, Av Allan Ben Abdellah, Fes, Morocco 30000. Our telephone number is +17026606161.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations for the three and six months ended September 30, 2016 and September 30, 2015:

Revenue and cost of goods sold

For the three months ended September 30, 2016 and September 30, 2015 the Company generated total revenue of $6,950 and $3,000 from selling printed products to its customer. The cost of goods sold for the three months ended September 30, 2016 and September 30, 2015 was $1,017 and $325, which represents the cost of raw materials.

For the six months ended September 30, 2016 and September 30, 2015 the Company generated total revenue of $9,950 and $3,000. The cost of goods sold for the six months ended September 30, 2016 and September 30, 2015 was $1,531 and $325, which represents the cost of raw materials.

We expect to generate more revenues as we expand our business operations.

Operating expenses

Total operating expenses for the three months ended September 30, 2016 and September 30, 2015 were $6,177 and $4,668. The operating expenses for the three months ended September 30, 2016 included accounting fees of $1,500; bank charges of $400; depreciation expense of $267; regulatory filing fees of $690; legal fees of $2,750; and rent expense of $570. The operating expenses for the six months ended September 30, 2015 included accounting fees of $2,850; bank charges of $141; depreciation expense of $267; legal fees of $0; regulatory filing fees of $840; and rent expense of $570. The increase in the operating expenses was mainly due to the increase in accounting and legal fees because of the change in the timing when the audit and legal services were provided to the company in connection with the SEC filings.

Total operating expenses for the six months ended September 30, 2016 and September 30, 2015 were $29,944 and $9,615. The operating expenses for the six months ended September 30, 2016 included accounting fees of $4,850; bank charges of $670; depreciation expense of $534; regulatory filing fees of $19,520; legal fees of $3,230; and rent expense of $1,140. The operating expenses for the six months ended September 30, 2015 included accounting fees of $4,850; bank charges of $251; depreciation expense of $534; legal fees of $2,000; regulatory filing fees of $840; and rent expense of $1,140. The increase in the operating expenses was mainly due to the increase in accounting and legal fees because of the change in the timing when the audit and legal services were provided to the company in connection with the SEC filings and to the increase in the regulatory filing fees related to issuances of common shares to investors.

Net Income/Loss

The net loss for the three months ended September 30, 2016 and September 30, 2015 was $244 and $1,993.

The net loss for the six months ended September 30, 2016 and September 30, 2015 was $21,525 and $6,912.

Increase in net loss as of September 30, 2016 compare to September 30, 2015 indicate increase in operating expenses of the Company.

Liquidity and Capital Resources and Cash Requirements

At September 30, 2016, the Company had a cash balance of $2,201 ($10,052 as of March 31, 2016). Furthermore, the Company had negative working capital of $16,178 (positive working capital of $4,259 as of March 31, 2016).

During the six months ended September 30, 2016 the Company used $20,905 of cash in operating activities due to net loss of $21,525, the increase in raw material inventory of $1,054, decrease in prepaid rent of $1,140 and depreciation of $534.

During the six months ended September 30, 2016, the Company did not generate or use cash in investing activities.

During the six months ended September 30, 2016, the Company received cash from financing activities of $13,054, due to issuance of a total of 37,000 common shares for cash contribution of $554 and received cash in the amount of $12,500 in the form of loans from our director.

We are planning to raise $90,000 through a public offering. There is no assurance that the full amount, or any amount, will be obtained. The following table sets forth the uses of proceeds for the twelve months assuming the funding of 33%, 66%, and 100%, respectively:

Gross proceeds		**$30,000**		**$60,000**		**$90,000**
Offering expenses	$	7,000	$	7,000	$	7,000

Net proceeds	**$**	**23,000**	**$**	**53,000**	**$**	**83,000**
Website development	$	1,500	$	3,000	$	3,000
Leasing premises and equipment	$	5,980	$	9,680	$	14,460
Raw materials	$	1,520	$	17,320	$	30,540
Employees' salary	$	-	$	6,000	$	12,000
Miscellaneous expenses	$	1,000	$	2,000	$	3,000
Marketing and advertising	$	3,000	$	5,000	$	10,000
SEC reporting and compliance	$	10,000	$	10,000	$	10,000

There is no assurance that our company will be able to obtain further funds required for our continued working capital requirements.

There is substantial doubt about our ability to continue as a going concern as the continuation of our business is dependent upon public offering and achieving a profitable level of operations. The issuance of additional equity securities by us could result in a significant dilution in the equity interests of our current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase our liabilities and future cash commitments.

Due to the uncertainty of our ability to meet our current operating and capital expenses, in their report on our audited consolidated financial statements, our independent auditors included an explanatory paragraph regarding substantial doubt about our ability to continue as a going concern. Our financial statements have been prepared assuming that we will continue as a going concern, which contemplates that we will realize our assets and satisfy our liabilities and commitments in the ordinary course of business.

Future Financing Requirements

We will need to obtain proper funding from equity and/or additional debt financing in order to be able to fulfill our projections. Failure to generate sufficient revenues, raise additional capital or reduce certain discretionary spending could have a material adverse effect on our ability to achieve our business objectives and will greatly affect our ability to continue as a going concern.

Effective March 2, 2015, the Company entered into a Loan Agreement with Otmane Tajmouati, the Company's sole officer and director. Under the terms of the Loan Agreement, Mr. Tajmouati agreed to loan up to $30,000 to the Company to fund its ongoing expenses and operational needs. The balance of $20,600 that had been loaned to the Company by Mr. Tajmouati as of September 30, 2016 was not advanced under the terms of this loan agreement.

Off-Balance Sheet Arrangements

The Company does not have any off balance sheet arrangements that have or are reasonably likely to have a current or future effect on the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Critical Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America. The Company's year-end is March 31.

Use of 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 and disclosure of contingent assets and liabilities at the date the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash E q ui v a lents

T h e C o m p a ny c o nsi d ers all h i gh ly li qu i d inves t m e n ts wit h t h e ori g i n a l m atu ritie s o f thre e m on t hs or les s to be ca s h e q u i v a le n t s. The Company had $2,201 of cash as of September 30, 2016.

Recent Accounting Pronouncements

We have reviewed all the recently issued, but not yet effective, accounting pronouncements and we do not believe any of these will have a material impact on the Company.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

As a “smaller reporting company” as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a - 15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as ofSeptember 30, 2016 . Based on the evaluation of these disclosure controls and procedures, and in light of the material weaknesses found in our internal controls over financial reporting, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective.

Management’s Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)). The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Under the supervision

and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of September 30, 2016 using the criteria established in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. In its assessment of the effectiveness of internal control over financial reporting as of September 30, 2016, the Company determined that there were control deficiencies that constituted material weaknesses, as described below.

1. We do not have an Audit Committee – While not being legally obligated to have an audit committee, it is the management's view that such a committee, including a financial expert member, is an utmost important entity level control over the Company's financial statement. Currently the Board of Directors acts in the capacity of the Audit Committee, and does not include a member that is considered to be independent of management to provide the necessary oversight over management's activities.

2. We did not maintain appropriate cash controls – As of September 30, 2016, the Company has not maintained sufficient internal controls over financial reporting for cash, including failure to segregate cash handling and accounting functions, and did not require dual signatures on the Company's bank accounts. Alternatively, the effects of poor cash controls were mitigated by the fact that the Company had limited transactions in its bank accounts.

3. We did not implement appropriate information technology controls – As at September 30, 2016, the Company retains copies of all financial data and material agreements; however there is no formal procedure or evidence of normal backup of the Company's data or off-site storage of data in the event of theft, misplacement, or loss due to unmitigated factors.

Accordingly, the Company concluded that these control deficiencies resulted in a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis by the company's internal controls.

As a result of the material weaknesses described above, management has concluded that the Company did not maintain effective internal control over financial reporting as of September 30, 2016 based on criteria established in Internal Control- Integrated Framework issued by COSO.

Changes in Internal Controls over Financial Reporting

There has been no change in our internal control over financial reporting occurred during our second fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

This quarterly report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this quarterly report.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

We know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

Item 1A. RISK FACTORS

As a "smaller reporting company" as defined by Item 10 of Regulation S-K, we are not required to provide information required by this Item .

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

No unregistered sales of equity securities took place during the three months ended September 30, 2016.

Item 3. DEFAULTS UPON SENIOR SECURITIES

There were no senior securities issued and outstanding during the three months ended September 30, 2016.

Item 4. MINE SAFETY DISCLOSURE

Not applicable to our Company.

Item 5 . OTHER INFORMATION

There is no other information required to be disclosed under this item which was not previously disclosed.