

TAAL TECHNOLOGIES, INC.
10210 Grogans Mill Road, Suite # 295
The Woodlands, TX 77380

INDEPENDENT AUDITOR'S REPORT

For the Period April 1, 2021, to March 31, 2022, and April 1, 2020, to March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Shareholders, Directors & Officers
TAAL TECHNOLOGIES, INC.
10210 Grogans Mill Road, Suite # 295
The Woodlands, TX 77380

Report on the Financial Statements

We have audited the accompanying financial statements of TAAL TECHNOLOGIES, INC. which comprise the balance sheet as of March 31, 2022, and 2021, and the related statements of income, changes in stockholders' equity, cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from material misstatement.

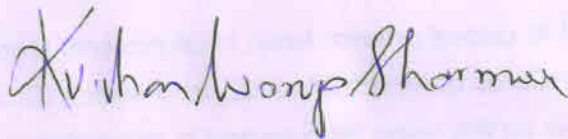
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's

judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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 statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of TAAL TECHNOLOGIES, INC., as of March 31, 2022, and March 31, 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Krishan Sharma, CPA
For Sharma, Marcus & Associates LLC
Certified Public Accountants
3989 US Highway 1
Monmouth Junction, NJ 08852
March 25, 2022

TAAL TECHNOLOGIES, INC.
Financial Highlights for 2022 and 2021

Common Stock & Retained Earnings – March 31, 2022	\$ 1,866,957
Net increase in cash and cash equivalents – March 31, 2021	\$ 476,332

	03/31/2022	03/31/2021
Total Net Assets	\$1,944,148	\$1,590,876

TAAL TECHNOLOGIES, INC.
 STATEMENT OF OPERATIONS & RETAINED EARNINGS
 For the Period April 1 to March 31, 2022 and 2021

	<u>April 1 to March 31</u>	
	<u>2022</u>	<u>2021</u>
Revenue from services	\$ 2,358,526	\$ 2,932,898
Other income	310,000	494,553
Total income	<u>2,668,526</u>	<u>3,427,451</u>
Cost of services	1,845,031	2,387,627
Gross profit	<u>823,495</u>	<u>1,039,824</u>
Operating Expenses	338,791	334,215
Income before taxes	<u>484,705</u>	<u>705,610</u>
Income taxes	<u>56,409</u>	<u>58,262</u>
Net income	<u>428,296</u>	<u>647,348</u>
Retained earnings, beginning	1,408,661	761,313
Retained earnings, ending	<u>\$ 1,836,957</u>	<u>\$ 1,408,661</u>

TAAL TECHNOLOGIES, INC.
Balance Sheet
March 31, 2022 and 2021

	<u>April 1 to March 31</u>	
	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 779,236	\$ 604,602
Accounts Receivable, net of allowance	1,120,834	978,000
Receivables - Other	44,078	8,275
Total Current Assets	1,944,148	1,590,877
Non-Current Assets	-	-
TOTAL ASSETS	<u>\$ 1,944,148</u>	<u>\$ 1,590,877</u>
 LIABILITIES & STOCKHOLDERS EQUITY		
Current Liabilities		
Accounts payable and accrued expenses	\$ 29,118	\$ 93,954
Income taxes Payable	48,073	58,262
Total Current Liabilities	77,191	152,216
 Stockholders' Equity		
Common stock, \$1 par value; 50,000 shares authorized;		
30,000 shares Issues	30,000	30,000
Retained Earnings	1,836,957	1,408,661
Total Stockholder's Equity	1,866,957	1,438,661
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 1,944,148</u>	<u>\$ 1,590,877</u>

TAAL TECHNOLOGIES, INC.
STATEMENT OF CASH FLOWS
For the Period April 1 to March 31, 2022 and 2021

	March 31,	
	2022	2021
Cash flows from operating activities		
Net income	\$ 428,296	\$ 647,348
Adjustments to reconcile net income to net cash provided by (used in)		
Proceeds from PPP loan	(310,000)	(494,553)
operating activities:		
Depreciation	-	-
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	(142,834)	92,788
Prepaid expenses and other current assets	(35,803)	(86)
Accrued expenses	(75,025)	(263,718)
Accounts payable	-	-
Net cash (used in) provided by operating activities	<u>\$ (135,366)</u>	<u>\$ (18,221)</u>
Cash flows from financing activities		
Proceeds from PPP loan	310,000	494,553
Net cash provided by financing activities	<u>\$ 310,000</u>	<u>\$ 494,553</u>
Net (decrease) increase in cash and cash equivalents	174,634	476,332
Cash and cash equivalents		
Beginning	604,602	128,270
Ending	<u>\$ 779,236</u>	<u>\$ 604,602</u>

Notes to Financial Statements
Years Ended March 31, 2022 and 2021

1. Organization

TAAL Technologies, Inc. ("TAAL Tech" or the "Company") is a Delaware corporation incorporated on June 19, 2009. It is a wholly owned subsidiary of TAAL Tech India Private Limited, a foreign entity. TAAL Tech is a niche engineering and technology solutions provider serving global corporations in their pursuit for faster innovation and technological excellence. TAAL Tech provides product engineering services, R&D services and IT Services customized to specific needs of individual customer.

2. Summary of Accounting Policies Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash balances which are maintained financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC "). At various times throughout the year, the Company's cash balances exceeded the FDIC limit.

Accounts Receivable

The Company generates revenues from sales of services by placement of employees at parent and affiliated companies' clients. Revenues are recognized as services are performed. The majority of revenues are generated by placemen , where billings are generally negotiated and invoiced on a cost plus basis. Accordingly, as contingent workers are placed, the Company records revenues based on the hours worked. Provisions for sales allowances, based on historical experience, are recognized althe time the related sale is recognized.

The Company records revenues from sales of services and the related direct costs in accordance with the accounting guidance on reporting revenue gross as a principal versus net as an agent. In situations where we act as a principal in the transaction, the Company reports gross revenues and cost of services. When the Company acts as an agent, the revenue is recorded on the net basis. Amounts billed to clients for out-of-pocket or other cost reimbursements ore included in revenues from services, and the related costs are included in cost of services.

Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts recorded as an estimate of the accounts receivable balance that may not be collected. This allowance is calculated on an entity-by-entity basis with consideration f or historical write-off experience, the current aging of receivables and a specific review for potential bad debts. Items that affect this balance mainly include bad debt expense and the write-off of accounts receivable balances.

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 al the dde 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

Income taxes are recorded in accordance with the accounting guidance on income taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and net operating loss and tax credit carryforwards.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance against deferred tax assets for which utilization of the asset is not likely.

3. Related Party Transaction

The significant portion of revenue is earned from the parent company which amounted to \$2,358,526 and \$2,932,898 for the years ended March 31, 2022 and 2021, respectively. As of March 31, 2022 and 2020, the balance outstanding from this affiliate was \$1,120,834 and \$978,000, respectively, which is presented as accounts receivable in the accompanying balance sheets.

4. Income Taxes

The income tax expense consists of the following for the years ended March 31:

	2022	2021
Federal income tax	30,137	44,322
State income tax	26,272	13,940
Total	56,409	58,262

5. Paycheck Protection Program (PPP) Loan

During the year as part of COVID-19 relief measures SBA has introduced second draw of Paycheck Protection Program (PPP) Loan to provide direct incentive small business to keep their workers on payroll. The Company has availed PPP loan of \$310,000 through Idaho First bank. It has utilized the entire funds on eligible expenses and filed application for forgiveness and the SBA has approved the same in in November 2021. The loan amount forgiven has been considered as other income in the financial statements.

6. Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events through May 24, 2022, which is the date the financial statements were available to be issued.