

**TAAL Technologies,  
Inc**

**Financial Statements**

**March 31, 2020 and 2019**

**TAAL Technologies, Inc.**  
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**March 31, 2020 and 2019**

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## **Independent Auditors' Report**

To the Stockholder of  
TAAL Technologies, Inc.

### **Report on the Financial Statements**

We have audited the accompanying balance sheets of TAAL Technologies, Inc. (the "Company") as of March 31, 2020 and 2019 and the related statements of income and retained earnings and 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 consolidated 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 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 involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 statement.

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

**Opinion**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of TAAL Technologies, Inc. as of March 31, 2020 and 2019 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. Fair*

Roslyn Heights, NY  
June 3, 2020

# TAAL Technologies, Inc.

## Balance Sheets

March 31, 2020 and 2019

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	March 31,	
	2020	2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 128,270	\$ 281,622
Accounts receivable, net of allowance	1,070,788	410,088
Receivable - other	8,188	49,563
Total current assets	<u>1,207,246</u>	<u>741,273</u>
Non- Current Assets		
Vehicle, net of accumulated depreciation	-	7,465
<b>Total assets</b>	<u>\$ 1,207,246</u>	<u>\$ 748,738</u>
<b>Liabilities and stockholder's equity</b>		
Current liabilities		
Accounts payable and accrued expenses	319,933	178,592
Income taxes payable	96,000	46,000
<b>Total current liabilities</b>	<u>415,933</u>	<u>224,592</u>
Commitments and contingencies		
Stockholder's equity		
Common stock, \$1 par value; 50,000 shares authorized; 30,000 shares issued	30,000	30,000
Retained earnings	761,313	494,146
<b>Total stockholder's equity</b>	<u>\$ 791,313</u>	<u>524,146</u>
<b>Total liabilities and stockholder's equity</b>	<u>\$ 1,207,246</u>	<u>\$ 748,738</u>

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

**TAAL Technologies, Inc.**  
**Statements of Income and Retained Earnings**  
**Years Ended March 31, 2020 and 2019**

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	<b>March 31,</b>	
	<u><b>2020</b></u>	<u>2019</u>
<b>Revenue from services</b>	<b>\$ 4,067,875</b>	\$ 4,521,996
Cost of services	<u><b>3,173,290</b></u>	<u>3,856,867</u>
<b>Gross profit</b>	<b>894,585</b>	665,129
Operating expenses	<u><b>514,581</b></u>	<u>408,847</u>
<b>Income before taxes</b>	<b>380,004</b>	256,282
Income taxes	<u><b>112,837</b></u>	<u>40,985</u>
<b>Net income</b>	<b>267,167</b>	215,297
<b>Retained earnings, beginning</b>	<u><b>494,146</b></u>	<u>278,849</u>
<b>Retained earnings, ending</b>	<u><b>\$ 761,313</b></u>	<u>\$ 494,146</u>

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

**TAAL Technologies, Inc.**  
**Statements of Shareholder's Equity**  
**Years Ended March 31, 2020 and 2019**

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	<b>Common Stock</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at March 31, 2018	\$ 30,000	\$ 278,849	\$ 308,849
Comprehensive income	-	215,297	215,297
<b>Balance at March 31, 2019</b>	<b>30,000</b>	<b>494,146</b>	<b>524,146</b>
Comprehensive income	-	267,167	267,167
<b>Balance at March 31, 2020</b>	<b>\$ 30,000</b>	<b>\$ 761,313</b>	<b>\$ 791,313</b>

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

**TAAL Technologies, Inc.**  
**Statements of Cash Flows**  
**Years Ended March 31, 2019 and 2018**

	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 267,167	\$ 215,297
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	7,465	-
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	(660,700)	(68,127)
Prepaid expenses and other current assets	41,375	(13,073)
Accrued expenses	50,000	(9,509)
<b>Net cash (used in) provided by operating activities</b>	<b>(153,352)</b>	<b>124,588</b>
<b>Cash flows from Investing activities</b>		
Sale of vehicle	-	4,508
<b>Net cash provided by investing activities</b>	<b>-</b>	<b>4,508</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(153,352)</b>	<b>129,096</b>
<b>Cash and cash equivalents</b>		
Beginning	281,622	152,526
Ending	\$ 128,270	\$ 281,622
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for:		
Income taxes	\$ 62,837	\$ 22,755

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



**TAAL Technologies, Inc.**  
**Notes to Financial Statements**  
**Years Ended March 31, 2020 and 2019**

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**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 placement, 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 at the 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 are 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 for 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.

**TAAL Technologies, Inc.**  
**Notes to Financial Statements**  
**Years Ended March 31, 2020 and 2019**

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**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 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 \$4,067,875 and \$4,521,996 for the years ended March 31, 2020 and 2019, respectively. As of March 31, 2020 and 2019, the balance outstanding from this affiliate was \$1,070,788 and \$410,088, 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:

	<u>2020</u>	<u>2019</u>
Federal income tax	\$79,982	\$31,479
State income tax	<u>\$32,855</u>	<u>\$9,506</u>
Total	<u>\$112,837</u>	<u>\$40,985</u>

**5. Subsequent Events**

In preparing these financial statements, the Company has evaluated subsequent events through June 3, 2020, which is the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic, which continues to spread throughout the United States. The Company could be negatively affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent

**TAAL Technologies, Inc.**  
**Notes to Financial Statements**  
**Years Ended March 31, 2020 and 2019**

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outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Management believes it will not have a material impact on the Company's financial condition and results of operations.

**TAAL Technologies, Inc.**  
**Notes to Financial Statements**  
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