

**TAAL Technologies,
Inc**

**Financial Statements
March 31, 2017 and 2016**

TAAL Technologies, Inc.
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March 31, 2017 and 2016

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Independent Auditors' Report

To the Stockholder of
TAAL Technologies, Inc.

We have audited the accompanying balance sheets of TAAL Technologies, Inc. (the "Company") as of March 31, 2017 and 2016 and the related statements of income and retained earnings 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 audit provides a reasonable basis for our 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, 2017 and 2016 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 11, 2017

TAAL Technologies, Inc.
Balance Sheets
March 31, 2017 and 2016

	March 31,	
	<u>2017</u>	<u>2016</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 59,066	\$ 16,191
Accounts receivable, net of allowance	126,690	181,485
Receivable - other	52,200	15,830
Total current assets	<u>237,956</u>	<u>213,506</u>
Total assets	<u>\$ 237,956</u>	<u>\$ 213,506</u>
Liabilities and stockholder's equity		
Current liabilities		
Accounts payable and accrued expenses	\$ 26,654	\$ 65,974
Total current liabilities	<u>26,654</u>	<u>65,974</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	181,302	117,532
Total stockholder's equity	<u>211,302</u>	<u>147,532</u>
Total liabilities and stockholder's equity	<u>\$ 237,956</u>	<u>\$ 213,506</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, 2017 and 2016

	March 31,	
	<u>2017</u>	<u>2016</u>
Revenue from services	\$ 2,165,999	\$ 1,411,992
Cost of services	<u>1,867,209</u>	<u>1,125,586</u>
Gross profit	298,790	286,406
Operating expenses	<u>204,484</u>	<u>188,473</u>
Income before taxes	94,306	97,933
Income taxes	<u>30,536</u>	<u>18,059</u>
Net income	63,770	79,874
Retained earnings, beginning	<u>117,532</u>	<u>37,658</u>
Retained earnings, ending	<u>\$ 181,302</u>	<u>\$ 117,532</u>

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

TAAL Technologies, Inc.
Statements of Cash Flows
Years Ended March 31, 2017 and 2016

	March 31,	
	2017	2016
Cash flows from operating activities		
Net income	\$ 63,770	\$ 79,874
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Accounts receivable	54,795	(129,941)
Prepaid expenses and other current assets	(36,370)	13,225
Accrued expenses	(39,320)	10,207
Net cash provided by (used in) operating activities	42,875	(26,635)
Net increase (decrease) in cash and cash equivalents	42,875	(26,635)
Cash and cash equivalents		
Beginning	16,191	42,826
Ending	\$ 59,066	\$ 16,191
Supplemental disclosures of cash flow information		
Cash paid for:		
Income taxes	\$ 23,536	\$ 7,059

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

TAAL Technologies, Inc.
Notes to Financial Statements
Years Ended March 31, 2017 and 2016

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. As of March 31, 2017, the Company has no cash account balances in excess of the amount insured by the FDIC.

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, 2017 and 2016

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 entire revenue is earned from the parent company. As of March 31, 2017 and 2016, the balance outstanding from this affiliate was \$134,228 and \$181,485, respectively, which is presented accounts receivable in the accompanying balance sheets.

4. Income Taxes

The income tax (benefit) / expense consists of the following for the years ended March 31:

	<u>2017</u>	<u>2016</u>
Federal income tax	<u>\$24,484</u>	\$14,059
State income tax	<u>\$6,052</u>	<u>\$4,000</u>
Total	<u>\$30,536</u>	<u>\$18,059</u>

5. Subsequent Events

In preparing these financial statements, the Company has evaluated subsequent events through May 11, 2017, which is the date the financial statement were available to be issued.