

# FINANCIAL STATEMENTS

## **World Transload and Logistics, LLC** **Consolidated Financial Statements**

**For the Year Ended March 31, 2021 and  
March 31, 2020 with Report of Independent Auditor**

### **Rakesh Jain, CPA PC**

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# **World Transload and Logistics, LLC**

## **Consolidated Financial Statements**

**Year ended March 31, 2021 and March 31, 2020**

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## **REPORT OF INDEPENDENT AUDITOR**

To  
The Board of Managers,  
World Transload and Logistics, LLC and Subsidiaries  
New Hope, Minnesota

We have audited the accompanying financial statements of World Transload and Logistics, LLC and its subsidiaries (a Minnesota Limited Liability Company) which comprise the balance sheets as of March 31, 2021 and 2020, and related statements of operations, changes in member's capital and cash flows for the year then ended and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financials referred to above present fairly, in all material respects, the financial position of World Transload and Logistics, LLC and its subsidiaries as of March 31, 2021 and 2020 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Rakesh Jain, CPA PC*

Rakesh Jain, CPA  
Rakesh Jain, CPA PC  
Certified Public Accountant

Place: - Houston, TX

Date: - May 17, 2021

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# **FINANCIAL STATEMENTS**

**World Transload and Logistics, LLC**  
**Consolidated Balance Sheet**  
**As of March 31, 2021 and March 31, 2020**

Particulars	As of March 31, 2021	As of March 31, 2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,746,177	\$ 2,706,578
Accounts receivable:		
Trade receivables (Net of provision for doubtful debts \$259,905 as of March 31, 2021 and \$137,804 as of March 31, 2020)	3,116,349	3,137,187
Other receivables	627	4,851
Inventories	2,908,565	4,700,500
Loans and advances	46,125	947
Prepaid expenses	104,427	119,767
Prepaid taxes	606,841	502,711
Deferred tax asset	80,181	42,513
<b>Total Current Assets</b>	<b>13,609,292</b>	<b>11,215,054</b>
<b>Property, Plant &amp; Equipment</b>		
Land	802,468	802,468
Building	5,527,499	5,527,499
Leasehold improvements	566,571	566,571
Office furniture and equipment	1,314,716	1,314,716
Warehouse and manufacturing equipment	5,705,895	5,722,122
Vehicles	281,733	281,732
Less: accumulated depreciation	(9,573,122)	(9,293,980)
<b>Property, Plant &amp; Equipment, Net</b>	<b>4,625,760</b>	<b>4,921,128</b>
<b>Other Assets</b>		
Security deposits	2,578	2,578
Non current deferred tax asset	8,545	704,338
<b>Total Other Assets</b>	<b>11,123</b>	<b>706,916</b>
<b>Total Assets</b>	<b>\$ 18,246,175</b>	<b>\$ 16,843,098</b>

See notes to consolidated financial statements

**World Transload and Logistics, LLC**  
**Consolidated Balance Sheet**  
**As of March 31, 2021 and March 31, 2020**

Particulars	As of March 31, 2021	As of March 31, 2020
<b>Liabilities and Member's Interest</b>		
<b>Current Liabilities</b>		
Current portion of long term debt	\$ -	\$ -
Accounts payable- trade	540,866	1,136,826
Accrued expense	388,847	328,320
Accrued interest	-	-
Customers deposits	197,469	257,413
Income tax payable current	870,254	530,031
Short term loan	-	-
<b>Total Current Liabilities</b>	<b>1,997,436</b>	<b>2,252,590</b>
<b>Total Liabilities</b>	<b>1,997,436</b>	<b>2,252,590</b>
<b>Membership Interest</b>		
Membership interest	16,248,739	14,590,508
<b>Total Member's Interest</b>	<b>16,248,739</b>	<b>14,590,508</b>
<b>Total Liabilities and Member's Interest</b>	<b>\$ 18,246,175</b>	<b>\$ 16,843,098</b>

See notes to consolidated financial statements

**World Transload and Logistics, LLC**  
**Consolidated Statement of Income from Operation**  
**For the year ended March 31, 2021 and March 31, 2020**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Net Sales</b>	\$ 15,697,372	\$ 14,579,740
Cost of sales - materials, labor and other costs	11,373,332	11,415,134
<b>Gross Profit</b>	<b>4,324,040</b>	<b>3,164,606</b>
<b>Selling, General and Administrative Expenses</b>		
Selling, general and administrative expenses	1,124,348	1,198,249
Finance charges	2,637	4,150
Depreciation and amortization	330,861	363,615
<b>Total Selling, General and Administrative Expenses</b>	<b>1,457,846</b>	<b>1,566,014</b>
<b>Operating Income (Expenses):</b>	<b>2,866,194</b>	<b>1,598,592</b>
<b>Other Income (Expenses):</b>		
Interest income	51,167	46,960
Interest expense	-	(20,817)
Scrap income	93,364	67,589
Miscellaneous income	1,937	2,349
Rental income	-	-
<b>Total Other Income (Expenses), Net</b>	<b>146,468</b>	<b>96,081</b>
<b>Income before income taxes</b>	<b>3,012,662</b>	<b>1,694,673</b>
<b>Income Taxes</b>		
Income tax benefit/(expense)	(870,254)	(530,031)
Income tax benefit/(expense) - Prior year adjustment	173,947	(165,615)
Deferred tax benefit/(expense)	(658,125)	(72,145)
<b>Total Income Taxes</b>	<b>(1,354,432)</b>	<b>(767,791)</b>
<b>Net Income (Loss)</b>	<b>\$ 1,658,230</b>	<b>\$ 926,882</b>

See notes to consolidated financial statements

**World Transload and Logistics, LLC**  
**Consolidated Statement of Changes in Membership Interest**  
**For the year ended March 31, 2021 and March 31, 2020**

<b>Particulars</b>	<b>Member's Stated Capital Account</b>	<b>Additional Capital Contributed</b>	<b>Net Income for the Year</b>	<b>Retained Earnings</b>	<b>Total Membership Interest</b>
Balance as of March 31, 2019	\$ 9,842,579	\$ -	\$ -	\$ 3,821,048	\$ 13,663,627
Profit & loss for the year ended March 31, 2020			926,882		926,882
<b>Balance as of March 31, 2020</b>	<b>9,842,579</b>	<b>-</b>	<b>926,882</b>	<b>3,821,048</b>	<b>14,590,509</b>
Profit & loss for the year ended March 31, 2021			1,658,230	-	1,658,230
Adjustment	-	-	-	-	-
<b>Balance as of March 31, 2021</b>	<b>\$ 9,842,579</b>	<b>\$ -</b>	<b>\$ 2,585,112</b>	<b>\$ 3,821,048</b>	<b>\$ 16,248,739</b>

See notes to consolidated financial statements

**World Transload and Logistics, LLC**  
**Consolidated Statement of Cash Flows**  
**For the year ended March 31, 2021 and March 31, 2020**

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 1,658,230	\$ 926,882
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	279,143	339,879
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	20,838	499,109
(Increase)/decrease in other receivables	4,223	3,047
(Increase)/decrease in inventories	1,791,935	(457,883)
(Increase)/decrease in loans and advances	(45,178)	(947)
(Increase)/decrease in prepaid expenses and deposits	15,340	6,607
(Increase)/decrease in deferred taxes	658,125	72,146
(Increase)/decrease in prepaid taxes	(104,130)	454,011
Increase/(decrease) in account payable - trade	(595,960)	(197,779)
Increase/(decrease) in current portion of note payable	-	(600,000)
Increase/(decrease) in accrued expenses	60,527	31,764
Increase/(decrease) in accrued interest	-	(4,125)
Increase/(decrease) in other liability & deposits	(59,944)	168,177
Increase/(decrease) in Income tax payable	340,224	(174,921)
Increase/(decrease) in short term loan	-	-
<b>Net cash provided/(used) by operating activities</b>	<b>4,023,373</b>	<b>1,065,967</b>
<b>Cash Flows from Investing Activities:</b>		
Net change in property and equipment	16,226	(118,464)
<b>Net cash used in investing activities</b>	<b>16,226</b>	<b>(118,464)</b>
<b>Cash Flows from Financing Activities:</b>		
<b>Net cash used in financing activities</b>	<b>-</b>	<b>-</b>
Net Increase/(decrease) in cash and cash equivalents	4,039,599	947,503
Cash and cash equivalents at the beginning of year	2,706,578	1,759,075
<b>Cash and cash equivalents at the end of year</b>	<b>\$ 6,746,177</b>	<b>\$ 2,706,578</b>

See notes to consolidated financial statements

**Note 1 – Organization and Operations**

World Transload and Logistics, LLC and its wholly owned subsidiaries Tube Technologies, Inc., and Helical Anchors, Inc. (collectively referred to herein as the "Company") manufacture down hole tools for the water well, construction, mining, environmental, gas, oil, and utility construction industries, to customers located throughout the world. The Company also manufactures helical construction anchors for the utility and construction industries to customers located throughout the world.

**1.1 Comparative Financial Statement**

The consolidated financial statements presented along with accountant's audit report are in the comparative form.

**1.2 Reclassification of Prior Year Amounts**

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations.

**Note 2 – Significant Accounting Policies****2.1 Principles of Consolidation**

Generally Accepted Accounting Principles ("GAAP") requires certain Variable Interest Entities (VIEs) to be consolidated by the primary beneficiary of the entity if the equity investors in the entity do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The consolidated financial statements include the accounts of World Transload and Logistics, LLC, its wholly owned subsidiaries Tube Technologies, Inc., and Helical Anchors, Inc., and two VIEs; 5101 Boone, LLP ("5101 BOONE") and Boone Real Property Holding, LLC, from which the Company leases a building. All significant intercompany balances, transactions, and profits have been eliminated in consolidation.

**2.2 Use of Estimates in Consolidated Financial Statements**

In preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

**2.3 Cash and Cash Equivalents**

The Company considers deposits that can be redeemed on demand and investments that have original maturities of less than three months when purchased to be cash equivalents. The Company maintains its cash in bank accounts with quality financial institutions that may at times exceed federally insured limits. To date, the Company has not experienced any losses in such accounts.

**2.4 Accounts Receivable**

Trade accounts receivable are stated at the amount the Company expects to collect. The Company maintains allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. Management considers the following factors when determining the collectability of specific customer accounts: customer credit-worthiness, past transaction history with the customer, current economic trends, and changes in customer payment terms.

If the financial condition of the Company's customers were to deteriorate, adversely affecting their ability to make payments, additional allowances would be required. Based on management's assessment, the Company provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Company has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Management believes that the total accounts receivables:

<b>Particulars</b>	<b>As of March 31, 2021</b>	<b>As of March 31, 2020</b>
Accounts receivable	\$ 3,376,254	\$ 3,274,991
Allowance for doubtful accounts	(259,905)	(137,804)
<b>Total</b>	<b>\$ 3,116,349</b>	<b>\$ 3,137,187</b>

**2.5 Inventories**

Inventories are valued at average cost, which approximates the first-in, first-out (FIFO) method, including provisions for obsolescence commensurate with known or estimated exposures.

**World Transload and Logistics, LLC****Notes to Consolidated Financial Statements****For the year ended March 31, 2021 and March 31, 2020****2.6 Property, Plant and Equipment**

Property and equipment are carried at cost. Expenditure for major renewals and betterments, which substantially increase the useful lives of existing assets, are capitalized. Maintenance and repairs are charged to expense as incurred.

The Company provides for depreciation on property and equipment utilizing the straight-line and accelerated methods for financial reporting purposes at rates based on the following useful lives:

Particulars	Balance as of April 01, 2020	Additions during the year	Retirements during the year	Balance as of March 31, 2021	Useful Life (in Years)
Land	\$ 802,468	\$ -	\$ -	\$ 802,468	
Building	5,527,499	-	-	5,527,499	15 to 39
Leasehold improvements	566,571	-	-	566,571	5 to 39
Office furniture and equipment	1,314,716	-	-	1,314,716	3 to 10
Warehouse and manufacturing equipment	5,722,122	45,819	62,045	5,705,895	3 to 15
Vehicles	281,732	-	-	281,732	5 to 10
<b>Property, Plant &amp; Equipment, Gross</b>	<b>14,215,108</b>	<b>45,819</b>	<b>62,045</b>	<b>14,198,882</b>	
Less: Accumulated Depreciation	(9,293,980)	(279,143)	-	(9,573,122)	
<b>Property, Plant &amp; Equipment, Net</b>	<b>\$ 4,921,128</b>			<b>\$ 4,625,760</b>	

Depreciation expense is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation expense	\$ 330,861	\$ 363,615

**2.7 Advertising Costs**

Advertising costs are charged to expense as incurred:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advertising Cost	\$ -	\$ 14,465

**2.8 Shipping and Handling Costs**

Shipping and handling costs charged to customers have been included in net sales. Shipping and handling costs incurred by the Company have been included in cost of goods sold.

**2.9 Sales Tax**

The Company collects sales tax. The amount received is credited to a liability account and as payments are made, this account is charged. At any point in time, this account represents the net amount owed to the taxing authority for amounts collected but not yet remitted.

**2.10 Income Taxes**

Prior to the sale of the membership units of WTL and 5101 BOONE, WTL was taxed under the provisions of Sub-chapter S of the Internal Revenue Code and 5101 BOONE was taxed as a partnership. Due to the sale of the membership of WTL and 5101 BOONE, each will be taxed as a C-Corporation effective May 23, 2014.

The Company accounts for its income taxes using generally accepted accounting principles, which requires the establishment of deferred taxes for differences between financial statement and tax reporting purposes. As such, the Company's provision for income taxes is based on the asset and liability method of accounting whereby deferred tax assets and liabilities are recognized for 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 expected to apply to taxable income in the years 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 year that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Boone Real Property Holding, LLC is a disregarded entity for tax purposes as a single member LLC fully owned by WTL.

Management of the Company considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur upon examination by tax authorities.

**World Transload and Logistics, LLC****Notes to Consolidated Financial Statements****For the year ended March 31, 2021 and March 31, 2020**

Management has not identified any uncertain tax positions in filed income tax returns that require recognition or disclosure in the accompanying consolidated financial statements. With few exceptions, the Company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before. The Company classifies income tax related interest and penalties in income tax expense, when incurred. There were no income tax related interest or penalties to be accrued as at March 31, 2021 (Previous year - \$ NIL).

**Note 3 – Inventory**

Inventory consisted of the following:

Particulars	As of March 31, 2021	As of March 31, 2020
Raw material	\$ 1,622,955	\$ 2,085,694
Stores and spares	10,351	11,597
Work in process	24,201	34,122
Material in transit	27,308	27,735
Finished goods	1,223,749	2,541,352
<b>Total</b>	<b>\$ 2,908,565</b>	<b>\$ 4,700,500</b>

The Company evaluates the inventory purchased in the normal course of business for obsolescence and slow-moving items. Inventory is carried on the accompanying consolidated financial statements net of reserves.

**Note 4 – Short Term Loan**

The Company has received a short term loan during the year under the Paycheck Protection Plan granted as a part of stimulus package by the US Government. Small Business Administration (SBA) will forgive this loan by the end of the year if all employee retention criteria are met, and the fund are used for eligible expenses.

Company has received the waiver from the government regarding Small Business Administration (SBA) loan at the end of the year as company has utilised the amount for eligible expenses. Loan amount \$400,227 waived off during the year has been adjusted from the payroll in the income statement, no separate disclosures in the financial statement are made as currently there is no authoritative guidance in U.S.GAAP on disclosure requirements for government grants (including forgivable loans from the government) received by business entities.

**Note 5 – Income Tax**

Income taxes consists of the following components:

Current Tax	For the year ended March 31, 2021	For the year ended March 31, 2020
Federal	\$ 565,558	\$ 360,799
State	304,696	169,232
<b>Current Tax Expense</b>	<b>\$ 870,254</b>	<b>\$ 530,031</b>

Deferred Tax Benefit/(Expense)	For the year ended March 31, 2021	For the year ended March 31, 2020
Federal	\$ (447,995)	\$ (49,110)
State	(210,131)	(23,035)
<b>Deferred Tax Benefit/(Expense)</b>	<b>\$ (658,125)</b>	<b>\$ (72,145)</b>

The deferred tax asset and liability balances are primarily a result of the differences in net book value of depreciable and amortizable assets. Realization of the future tax benefits related to the net deferred tax assets is dependent on many factors including the Company's ability to generate taxable income. Management believes that, at a minimum, it is more likely than not that future taxable income will be sufficient to realize the recorded assets.

**Note 6 – Commitments and Contingencies**

The Company is subject to occasional lawsuits and claims with respect to matters such as product performance arising out of the normal course of business. While the impact on future financial results is not subject to reasonable estimation because considerable uncertainty exists. Management believes, after consulting with counsel, that the ultimate liabilities resulting from such lawsuits and claims will not materially affect the results, liquidity or financial position of the Company.

**Note 7 – 401(K) Salary Savings And Profit-Sharing Plan**

The Company has a 401(k)-salary savings and profit-sharing plan that covers all employees, subject to various eligibility requirements such as months of service and age limitations. At the discretion of the board of managers, the Company may make additional contributions based on profits.

**World Transload and Logistics, LLC****Notes to Consolidated Financial Statements****For the year ended March 31, 2021 and March 31, 2020**

The company made matching contributions:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
401(K)-Salary Savings and Profit-Sharing Plan	\$ 29,870	\$ 23,568

**Note 8 – Major Customers**

The Company had sales to customers that individually contributed in excess of 10% of total revenue are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Number of Customer	1	1
Revenue Contributed	\$ 3,322,596	\$ 4,297,183
Total Revenue	\$ 15,697,372	\$ 14,579,740
Percent of total revenue contributed	21%	29%
Total Receivables	\$ 246,875	\$ 102,123

**Note 9 – Consolidation of Variable Interest Entity**

The owners of the Company established a separate legal entity, 5101 Boone Ave, LLP (Formerly TM Holdings), to own Company's office and manufacturing facility. The Company leases the buildings and manufacturing facilities from 5101 Boone Ave, LLP under a 20-year lease with total expected lease payments of \$ 11,952,000 during that period.

Following generally accepted accounting principles for variable interest entities, the Company is the primary beneficiary of 5101 Boone Ave, LLP because the Company has the power to direct the activities of 5101 Boone Ave, LLP that most significantly impact 5101 Boone Ave, LLP's economic performance. Those activities include management oversight, hiring, and decision making.

Should additional financial support be needed for 5101 Boone, LLP in future, it is expected that the Company will provide that additional financial support due to the ownership and leasing relationships between the Company and 5101 Boone Ave, LLP.

The current sole sources of 5101 Boone, LLP's revenue is the lease payments made by the Company.

Selected information from 5101 Boone, LLP's balance sheet is as follows:

Particulars	As of March 31, 2021	As of March 31, 2020
Long -Term Assets	\$ 3,746,247	\$ 3,918,904
Total Assets	5,496,882	5,533,806
Long - Term Liabilities	1,403,251	1,403,251
Total Liabilities	1,535,960	1,528,601
Membership Interest	\$ 3,960,922	\$ 4,005,205

Selected information from 5101 Boone, LLP's results of operations is as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net Revenue	\$ 746,868	\$ 746,895
Operating Expenses	345,298	352,961
Net Income	\$ 401,570	\$ 393,934

**Note 10 – Related Party Transactions**

The company's members have ownership in various affiliated companies. The Company had various transactions with its related parties during the year ended which are as follows:

Related Party	Transaction Type	Amount	O/S Balance
Jindal Saw USA, LLC	Purchases	\$ 200	\$ -
Jindal Saw USA, LLC	Other professional fees	-	-
Bhuj Polymers P.V.T Ltd.	Purchases	4,072,961	85,830
Bhuj Polymers P.V.T Ltd.	Expense Reimbursement	9,244	-
Jindal Saw Limited, India	Purchases	55,018	27,308
Drill Pipe International	Purchases	152,277	35,432
Drill Pipe International	Job work	-	-
Jindal Saw Gulf, LLC	Sale of Fixed Assets	22,521	-
Drill Pipe International	Sales	\$ -	\$ -

**Note 11 - Note on COVID – 19**

The Company's operations might have been affected by the outbreak of coronavirus disease 2019 which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruptions which have been caused by the outbreak is uncertain; however, it may or may not result in a material adverse impact on the Company's financial position, operations, and cash flows in the future. Possible effects may include, but are not limited to, disruption to the Company's revenues and a decline in the value of its goodwill. The management does not see any medium to long term risks in the Company's ability to continue as a going concern and meeting its liabilities as and when they fall due.

**Note 12 – Subsequent Events**

Management evaluates events occurring subsequent to the date of the consolidated balance sheet in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through May 17, 2021 which is the date the consolidated financial statements were available to be issued.