



FINANCIAL STATEMENTS

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

**For the Quarter and Year Ended March 31, 2020 and
March 31, 2019 with Report of Independent Auditor**

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World Transload and Logistics, LLC

Consolidated Financial Statements

Quarter and Year ended March 31, 2020 and March 31, 2019

Table of Contents

	Page No.
Independent Auditor's Report	3-4
 CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheet	7-8
Consolidated Statement of Income	9
Consolidated Statement of Changes in Membership Interest	10
Consolidated Statement of Cash Flows	11
Notes to Consolidated Financial Statements	12-16

REPORT OF INDEPENDENT AUDITOR

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

We have audited the accompanying consolidated 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, 2020 and 2019, and related statements of operations, changes in member's capital and cash flows for the quarter and 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, 2020 and 2019 and the results of its operations and its cash flows for the quarter and 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: - Sugarland, TX

Date: - May 29, 2020

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FINANCIAL STATEMENTS

World Transload and Logistics, LLC
Consolidated Balance Sheet
As of March 31, 2020 and 2019

Particulars	As of March 31, 2020	As of March 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,706,578	\$ 1,759,075
Accounts receivable:		
Trade receivables- net of provision for doubtful debts \$ 137,804 (Previous year- \$79,456)	3,137,187	3,636,298
Other receivables	4,851	7,897
Inventories	4,700,500	4,242,619
Loans and advances	947	-
Prepaid expenses	119,766	126,373
Prepaid taxes	502,711	956,722
Deferred tax asset	42,513	24,512
Total current assets	11,215,053	10,753,496
Property, Plant & Equipment		
Land	802,468	802,468
Building	5,527,499	5,486,944
Leasehold improvements	566,571	550,200
Office furniture and equipment	1,314,716	1,309,515
Warehouse and manufacturing equipment	5,722,121	5,665,784
Vehicles	281,732	281,732
Less: accumulated depreciation	(9,293,980)	(8,954,103)
Property, Plant & Equipment, Net	4,921,128	5,142,540
Other Assets		
Security deposits	2,578	2,578
Non current deferred tax asset	704,338	794,484
Total Other Assets	706,916	797,062
Total Assets	\$ 16,843,097	\$ 16,693,098

See notes to consolidated financial statements

World Transload and Logistics, LLC
Consolidated Balance Sheet
As of March 31, 2020 and 2019

Particulars	As of March 31, 2020	As of March 31, 2019
Liabilities and Member's Interest		
Current Liabilities		
Current portion of long term debt	\$ -	\$ 600,000
Accounts payable- trade	1,136,826	1,334,605
Accrued expense	328,320	296,555
Accrued interest	-	4,125
Customers deposits	257,413	89,234
Income tax payable current	530,031	704,952
Total current liabilities	2,252,589	3,029,471
Total Liabilities	2,252,589	3,029,471
Membership Interest		
Membership interest	14,590,508	13,663,627
Total member's interest	14,590,508	13,663,627
Total Liabilities and Member's Interest	\$ 16,843,097	\$ 16,693,098

See notes to consolidated financial statements

World Transload and Logistics, LLC
Consolidated Statement of Income
For the year ended March 31, 2020 and 2019

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net Sales	\$ 14,579,740	\$ 14,849,259
Cost of sales - materials, labor and other costs	10,984,423	10,832,001
Gross Profit	3,595,317	4,017,259
Selling, General and Administrative Expenses		
Selling, general and administrative expenses	1,628,960	1,607,479
Finance charges	4,150	1,362
Depreciation and amortization	363,615	404,631
Total Selling, General and Administrative Expenses	1,996,725	2,013,472
Operating Income (Expenses):	1,598,592	2,003,786
Other Income (Expenses):		
Interest income	46,960	17,022
Interest expense	(20,817)	(61,001)
Scrap income	67,589	189,635
Miscellaneous income	2,349	78,650
Rental income	-	-
Total Other Income (Expenses), Net	96,081	224,305
Income Before Income Taxes	1,694,673	2,228,092
Income Taxes		
Income tax benefit/(expense)	(530,031)	(582,078)
Income tax benefit/(expense) - Prior year adjustment	(165,615)	(122,874)
Deferred tax benefit/(expense)	(72,145)	695,301
Total Income Taxes	(767,791)	(9,651)
Net Income (loss)	\$ 926,881	\$ 2,218,441

See notes to consolidated financial statements

World Transload and Logistics, LLC
Consolidated Statement of Changes in Membership Interest
For the year ended March 31, 2020 and 2019

Particulars	Member's Stated Capital Account	Additional Capital Contributed	Net Income for the Year	Retained Earnings	Total Membership Interest
Balance as at March 31, 2018	\$ 9,842,579	\$ -	\$ -	\$ 1,602,607	\$ 11,445,186
Profit & loss for the year ended March 31, 2019			2,218,441		2,218,441
Adjustment			(2,218,441)	2,218,441	-
Balance as at March 31, 2019	9,842,579	-	-	3,821,048	13,663,627
Profit & loss for the year ended March 31, 2020			926,881	-	926,881
Adjustment	-	-	-	-	-
Balance as at March 31, 2020	\$ 9,842,579	\$ -	\$ 926,881	\$ 3,821,048	\$ 14,590,508

See notes to consolidated financial statements

World Transload and Logistics, LLC
Consolidated Statement of Cash Flows
For the year ended March 31, 2020 and 2019

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash Flows from Operating Activities:		
Net income	\$ 926,881	\$ 2,218,441
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	339,879	404,631
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	499,109	(1,070,539)
(Increase)/decrease in other receivables	3,047	(1,502)
(Increase)/decrease in inventories	(457,883)	(586,073)
(Increase)/decrease in loans and advances	(947)	-
(Increase)/decrease in prepaid expenses and deposits	6,607	(3,897)
(Increase)/decrease in deferred taxes	72,146	(687,805)
(Increase)/decrease in prepaid taxes	454,011	(450,632)
Increase/(decrease) in account payable - trade	(197,779)	433,383
Increase/(decrease) in current portion of note payable	(600,000)	(325,130)
Increase/(decrease) in accrued expenses	31,764	(56,750)
Increase/(decrease) in accrued interest	(4,125)	(5,575)
Increase/(decrease) in other liability & deposits	168,179	(75,244)
Increase/(decrease) in deferred tax liability	-	(7,497)
Increase/(decrease) in income tax payable	(174,921)	704,952
Net cash provided/(used) by operating activities	1,065,967	490,757
Cash Flows from Investing Activities:		
Purchase of property and equipment	(118,464)	(9,621)
Net cash used in investing activities	(118,464)	(9,619)
Cash Flows from Financing Activities:		
Net cash used in financing activities	-	-
Net Increase/(decrease) in cash and cash equivalents	947,503	481,136
Cash and cash equivalents at the beginning of year	1,759,075	1,277,939
Cash and cash equivalents at the end of year	\$ 2,706,578	\$ 1,759,075

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 financial statements presented along with accountant's review 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

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 period. 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.

World Transload and Logistics, LLC
Consolidated Notes to Financial Statements
For the year ended March 31, 2020 and 2019

Management believes that the total accounts receivables:

Particulars	As of March 31, 2020	As of March 31, 2019
Accounts receivable	\$ 3,274,991	\$ 3,715,755
Allowance for doubtful accounts	(137,804)	(79,456)
Total	\$ 3,137,187	\$ 3,636,298

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.

2.6 Property, Plant and Equipment

Property and equipment are carried at cost. Expenditures 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 March 31, 2019	Additions during the Year	Retirements during the Year	Balance as of March 31, 2020	Useful Life (in Years)
Land	\$ 802,468	\$ -	\$ -	\$ 802,468	
Building	5,486,944	40,555	-	5,527,499	15 to 39
Leasehold improvements	550,200	16,371	-	566,571	5 to 39
Office furniture and equipment	1,309,515	5,201	-	1,314,716	3 to 10
Warehouse and manufacturing equipment	5,665,783	88,982	32,645	5,722,121	3 to 15
Vehicles	281,732	-	-	281,732	5 to 10
Property, Plant & Equipment, Gross	14,096,643	151,110	32,645	14,215,108	
Less: Accumulated Depreciation	(8,954,103)	(363,615)	23,738	(9,293,980)	
Property, Plant & Equipment, Net	\$ 5,142,540			\$ 4,921,128	

Depreciation expense for the year ended:

Particulars	March 31, 2020	March 31, 2019
Depreciation expense	\$ 363,615	\$ 404,631

2.7 Advertising Costs

Advertising costs are charged to expense as incurred:

Particulars	As of March 31, 2020	As of March 31, 2019
Advertising Cost	\$ 14,465	\$ 2,300

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.

World Transload and Logistics, LLC
Consolidated Notes to Financial Statements
For the year ended March 31, 2020 and 2019

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 period 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.

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 at March 31, 2020 (Previous year - \$ NIL).

Note 3 – Inventory

As of March 31, 2020, and 2019, inventory consisted of the following:

Particulars	As of March 31, 2020	As of March 31, 2019
Raw material	\$ 2,085,694	\$ 2,543,721
Stores and spares	11,597	11,968
Work in process	34,122	33,326
Material in transit	27,735	-
Finished goods	2,541,352	1,653,603
Total	\$ 4,700,500	\$ 4,242,619

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

World Transload and Logistics, LLC**Consolidated Notes to Financial Statements****For the year ended March 31, 2020 and 2019****Note 4 – Income Tax**

The provision for income taxes consists of the following components for the March 31, 2020 and 2019:

Current Tax	For the year ended March 31, 2020	For the year ended March 31, 2019
Federal	\$ 360,799	\$ 396,228
State	169,232	185,850
Current Tax Expense	\$ 530,031	\$ 582,078

Deferred Tax Benefit/(Expense)	For the year ended March 31, 2020	For the year ended March 31, 2019
Federal	\$ (49,110)	\$ 471,238
State	(23,035)	224,063
Deferred Tax Benefit/(Expense)	\$ (72,145)	\$ 695,301

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 5 – 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 6 – 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.

The company made matching contributions:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
401(K)-Salary Savings and Profit-Sharing Plan	\$ 23,568	\$ 19,189

Note 7 – Major Customers

The Company had sales to customers that individually contributed in excess of 10% of revenues are as follows for the year ended the March 31, 2020 and year ended March 31, 2019:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Number of Customer	1	1
Revenue Contributed	\$ 4,297,183	\$ 5,571,004
Total Revenue	\$ 14,579,740	\$ 14,849,259
Percent of total revenue contributed	29%	38%

World Transload and Logistics, LLC**Consolidated Notes to Financial Statements****For the year ended March 31, 2020 and 2019****Note 8 – 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 as of March 31, 2020 and March 31, 2019, results of operations for the year ended March 31, 2020 and March 31, 2019 are as follows:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Long -Term Assets	\$ 3,918,904	\$ 4,054,151
Total Assets	5,533,806	5,017,484
Long - Term Liabilities	1,403,251	1,403,251
Total Liabilities	1,528,601	1,406,214
Membership Interest	4,005,205	3,611,270
Net Revenue	746,895	746,868
Operating Expenses	352,961	393,688
Net Income	\$ 393,934	\$ 353,180

The above assets are collateral for the related long-term debts on the balance sheet of the Company. Upon initial consolidation of 5101 Boone, LLP into the Company, no gain or loss was recognized.

Note 9 – Related Party Transactions

The company's members have ownership in various affiliated companies. The Company had transactions with a related party during for the year ended March 31, 2020 which included following sales/purchases:

Related Party	Transaction Type	Amount	O/S Balance
Jindal Saw USA, LLC	Purchases	\$ 41,120	\$ 19,650
Jindal Saw USA, LLC	Other professional fees	78,600	-
Jindal Saw Limited, India	Purchases	385,004	92,876
Drill Pipe International	Purchases	210,916	153,983
Drill Pipe International	Job work	4,780	-
Drill Pipe International	Sales	\$ 109,343	\$ -

Note 10 – 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 29, 2020, which is the date the consolidated financial statements were available to be issued.