

8K Miles Health Cloud Inc

Consolidated Financial Statements
March 31, 2020

8K Miles Health Cloud Inc

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RAVI VENKATARAMAN, CPA LLC
Certified Public Accountant

Independent Auditor's Report

To the Board of Directors and Stockholders of
8K Miles Health Cloud Services Inc.

We have audited the accompanying consolidated balance sheet of 8K Miles Health Cloud Services Inc., and its subsidiary which comprise the consolidated balance sheet as of March 31, 2020 and the related consolidated statement of income, retained earnings, and cash flows for the year then ended, and the related notes to financial statements.

Management 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 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 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 misstatements.


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 the 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 financial statements referred to above present fairly, in all material respects, the financial position of 8K Miles Health Cloud Services Inc. and its subsidiary as of March 31, 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 ("U.S. GAAP")


Ravi Venkataraman CPA LLC
Princeton, NJ
July 15, 2020

8K Miles Health Cloud Inc and Subsidiary
Consolidated Statement of Financial Position
March 31 2020 and 2019

(in US Dollars)

| | <u>Notes</u> | <u>2020</u> | <u>2019</u> |
|---|--------------|---------------------|----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and Cash equivalents | C | \$ 62,282 | \$ 95,615 |
| Notes and accounts receivable - trade | | 532,250 | 6,682,432 |
| Prepaid expenses and other current assets | D | 68,981 | 748,253 |
| Due from related parties - Net | H | - | 9,171,321 |
| Total Current assets | | 663,513 | 16,697,621 |
| Property, plant and equipment - Net | E | - | 132,353 |
| Intangible assets - Net | F | 1,198,099 | 1,859,461 |
| Goodwill on acquisition | F | 152,177 | 152,177 |
| Total Assets | | 2,013,789 | 18,841,612 |
| Liabilities and equity | | | |
| Current liabilities | | | |
| Trade payables | | 342,038 | 1,648,621 |
| Other accrued expenses and payable | G | 136,277 | 257,803 |
| Due to related parties - Net | H | 889,384 | - |
| Total Current liabilities | | 1,367,699 | 1,906,424 |
| Long term debt | | - | - |
| Other long term liabilities | | - | - |
| Total Liabilities | | 1,367,699 | 1,906,424 |
| Equity | | | |
| Common stock - 0.001 par value | | 2,600 | 2,600 |
| Shares issued - 2,600,000 | | | |
| Share premium/additional paid-in capital | | 1,598,400 | 1,598,400 |
| Retained earnings | | (954,910) | 15,334,188 |
| Total Stockholders' equity | | 646,090 | 16,935,188 |
| Total Liabilities and Stockholders' equity | | \$ 2,013,789 | \$ 18,841,612 |

Amounts may not add due to rounding.
The accompanying notes form an integral part of the financial statements.

8K Miles Health Cloud Inc and Subsidiary
Consolidated Statement of Earnings
March 31 2020 and 2019

(in US Dollars)

| | <u>Notes</u> | <u>2020</u> | <u>2019</u> |
|---|--------------|------------------------|---------------------|
| Revenue | | | |
| Sales and Services | \$ | 3,167,644 | \$ 32,064,892 |
| Other Income | | 43,675 | 77,299 |
| Total Income | | 3,211,319 | 32,142,191 |
| Cost | | | |
| Sales and Services | | 2,391,197 | 20,130,183 |
| Total Cost | | 2,391,197 | 20,130,183 |
| Gross Profit | | 820,122 | 12,012,009 |
| Expenses | | | |
| Selling, General and administrative | I | 555,305 | 7,855,265 |
| Depreciation | E | 40,355 | 40,355 |
| Amortization | F | 399,367 | 464,866 |
| Provision for Doubtful debts | | 23,612 | - |
| Total Expense | | 1,018,639 | 8,360,486 |
| (Loss)/Income from continuing operations before Non-recurring and Extraordinary items & income taxes | | (198,517) | 3,651,523 |
| Non-recurring and Extraordinary items | J | 16,090,580 | - |
| Profit before income taxes | | (16,289,098) | 3,651,523 |
| Provision for income taxes | K | - | 812,394 |
| Income /(Loss) from continuing operations | | (198,517) | 2,839,129 |
| Profit / (Loss) from discontinued operations | | - | - |
| Net Income / (Loss) | | \$ (16,289,098) | \$ 2,839,129 |

Amounts may not add due to rounding.

The Accompanying notes form an integral part of the financial statements

8K Miles Health Cloud Inc and Subsidiary
Consolidated statement of cash flows
March 31 2020 and 2019

(in US Dollars)

| | <u>Notes</u> | <u>2020</u> | <u>2019</u> |
|---|--------------|---------------------|--------------------|
| Cash flows from operating activities | | | |
| Net (loss)/income | | \$ (16,289,098) | \$ 2,839,129 |
| Adjustments to reconcile net income to cash provided by operating activities | | | |
| Depreciation | | 40,355 | 40,355 |
| Amortization | | 399,367 | 464,866 |
| Non recurring & Extra-ordinary items | | 261,995 | - |
| Bad debts written off | | 711,044 | - |
| Operating (loss)/profit before changes in assets and liabilities | | (14,876,337) | 3,344,350 |
| Changes in operating assets and liabilities | | | |
| Notes and Accounts receivables - trade | | 5,439,138 | 8,401,114 |
| Prepayments and other current assets | | 679,271 | (697,063) |
| Due to/from related parties | | 10,060,705 | (11,424,093) |
| Accounts payable and other accrued expenses payable | | (1,428,110) | 317,404 |
| Total adjustments | | 14,751,004 | (3,402,636) |
| Net cash provided by operating activities | | (125,332) | (58,286) |
| Cash flows from investing activities | | | |
| Property, plant and equipment | | - | - |
| Investments in Intangibles | | - | - |
| (Loss) on disposal of Property, plant and Equipment In Product Development | | 92,000 | - |
| Net cash used in investing activities | | 92,000 | - |
| Cash flows from financing activities | | | |
| Increase in common stock | | - | - |
| Increase in additional capital | | - | - |
| Net cash used in financing activities | | - | - |
| Net change in cash and cash equivalents | | (33,332) | (58,286) |
| Cash and cash equivalents at the beginning of the year | | 95,615 | 153,901 |
| Cash and cash equivalents at the end of the year/period | | \$ 62,283 | \$ 95,615 |

Amounts may not add due to rounding
The accompanying notes form an integral part of the financial statements

8K Miles Health Cloud Inc and Subsidiary
Consolidated Statement of Changes in Equity
March 31 2020 and 2019

(in US Dollars)

| Particulars | Common stock and additional Paid-in-Capital | Share premium (additional capital) | Retained Earnings | Total Stockholders' Equity |
|-------------------------------------|---|---------------------------------------|-----------------------------|----------------------------------|
| 2019 | | | | |
| As at April 1, 2018 | \$ 2,600 | \$ 1,598,400 | \$ 12,495,059 | \$ 14,096,059 |
| Common stock issued during the year | - | - | - | - |
| Additional Capital | - | - | - | - |
| Net income | - | - | 2,839,129 | 2,839,129 |
| Equity, March 31, 2019 | <u>\$ 2,600</u> | <u>\$ 1,598,400</u> | <u>\$ 15,334,188</u> | <u>\$ 16,935,188</u> |
| 2020 | | | | |
| As at April 1, 2019 | \$ 2,600 | \$ 1,598,400 | \$ 15,334,188 | \$ 16,935,188 |
| Common stock issued during the year | - | - | - | - |
| Additional Capital | - | - | - | - |
| Net income /(Loss) | - | - | (16,289,098) | (16,289,098) |
| Equity, March 31, 2020 | <u>\$ 2,600</u> | <u>\$ 1,598,400</u> | <u>\$ (954,910)</u> | <u>\$ 646,090</u> |

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

NOTE A – ORGANIZATION & DESCRIPTION OF BUSINESS

8K Miles Health Cloud Inc., "the "Company" incorporated under the laws of the State of Delaware on November 24, 2014, and is 100% subsidiary of 8K Miles Software Services Limited (“8K Miles”) 8K Miles is a company organized under the laws of the Republic of India.

The Company is primarily focused on critical cloud implementation and development of cloud based solutions. Expertize in enterprise cloud and Knowledge base makes the Company unique and it also extends to SaaS, cloud consulting and migration, big data (Hadoop/EMR) services, cloud infrastructures managed services, backup and disaster recovery services to AWS, Azure and also extends its support to various verticals such as Retain, Media, Travel, Pharmaceutical, Healthcare and Financial Services and providing innovative Epic EHR consulting, custom application development and support for the Healthcare market. This move solidifies 8K Miles’ goal to offer a unique and differentiated cloud-managed solutions to the Healthcare sector. By leveraging its expertise in cloud solutions, 8K Miles hopes to help hospitals and healthcare providers by providing the industry’s first truly end-to-end Software as a Service (SaaS) technology platform.

The Corporate office of the Company is located at Collin County, Texas.

Serj Solutions Inc.

Serj Solutions Inc. (“the Subsidiary”) which is a 100% subsidiary of the Company was formed in the state of Texas was acquired on November 26, 2014. The Subsidiary specializes in EHR Consulting, Custom Application Development and Support Solutions. The Subsidiary offers innovative solutions for a range of projects spanning across project lifecycle from initial implementation planning, full implementation management, and post-live support and enhancements.

NOTE B – ACCOUNTING POLICIES

Accounting Principles

The consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States America (“U.S.GAAP”)

Principles of Consolidation

The consolidated financial statements include the financial statements of 8K Miles Health Cloud Inc. and its subsidiary. All significant Intercompany transactions and balances have been eliminated. Previous year’s numbers are regrouped wherever necessary.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Estimates and Assumptions

Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. Examples of estimates include: loss contingencies; product warranties; the fair value of and/or potential impairment of goodwill and intangible assets for our reporting units; product life cycles; useful lives of our tangible and intangible assets; allowances for doubtful accounts; allowances for product returns; the market value of, and demand for, our inventory; and stock-based compensation forfeiture rates. Examples of assumptions include: the elements comprising a software arrangement, including the distinction between upgrades or enhancements and new products; when technological feasibility is achieved for our products; the potential outcome of future tax consequences of events that have been recognized on our consolidated financial statements or tax returns; and determining when investment impairments are other-than-temporary. Actual results and outcomes may differ from management's estimates and assumptions.

Revenue recognition

The Company recognizes revenue in accordance with the Accounting Standard Codification 605 "Revenue Recognition." Revenue is recognized when persuasive evidence of an arrangement exists delivery occurred, when all of the following criteria are met: (1) persuasive evidence of an arrangement exists, (2) delivery has occurred or services have been rendered, (3) the seller's price to buyer is fixed and determinable, and (4) collectability is reasonably assured.

The Company recognizes revenue from information technology services as the services are provided. Service revenues are recognized based on contracted hourly rates, as services are rendered or upon completion of specified contracted services and acceptances by the customer. Deferred revenue results from customer prepayment of services and maintenance contracts. Occasionally managed services are pre-billed quarterly and income is recognized as services are performed.

Services

The company's primary services offerings include information technology (IT), application management services, consulting and systems integration, technology infrastructure, hosting and the design and development of complex IT systems to a client's specifications (design and build). These services are provided on a time-and-material basis, as a fixed-price contract or as a fixed-price per measure of output contract and the contract terms range from less than one year to over 3 years.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Revenue from application management services, technology infrastructure and system maintenance and hosting contracts is recognized on a straight-line basis over the terms of the contracts. Revenue from time-and-material contracts is recognized as labor hours are delivered and direct expenses are incurred.

Revenue from fixed-price design and build contracts is recognized under the percentage-of-completion (POC) method. Under the POC method, revenue is recognized based on the labor costs incurred to date as a percentage of the total estimated labor costs to fulfill the contract. If circumstances arise that change the original estimates of revenue, costs, or extent of progress toward completion, revision to the estimates are made. These revisions may result in increase or decrease in estimated revenues or costs and such revisions are reflected in income in the period in which the circumstances that gave rise to the revision become known by the company.

The Company performs ongoing profitability analyses of its services contracts accounted for under the POC method in order to determine whether the latest estimates of revenues, costs and profits require updating. For non-POC method services contracts, any losses are recorded as incurred. Billings usually occur in the month after the company performs the services or in accordance with the specific contractual provisions.

Cost of Revenue

Recurring operating costs for services contracts, including costs related to bid and proposal activities, are recognized as incurred. For fixed-price design and built contracts, the costs for external hardware and software accounted for under POC method are deferred and recognized based on the labor costs incurred to date, as a percentage of the total estimated labor costs to fulfill the contract. Certain eligible, non-recurring costs incurred in the initial phases of outsourcing contracts are deferred and subsequently amortized. These costs consist of transition and set up costs related to the installation of systems and processes and are amortized on a straight-line basis over the expected period of benefit, not to exceed the term of the contract.

Selling, General and Administrative

Selling, general and administrative (SG&A) expense is charged to statement of earnings as incurred. Expenses of promoting and selling products and services are classified as selling expense and include such items as compensation, advertising, sales commissions and travel. General and administrative expense includes such items as compensation, legal costs, office supplies, non-income taxes, insurance and office rental. In addition, general and administrative expense includes other operating items such as allowance for credit losses, workforce rebalancing charges for contractually obligated payments to employees terminated in the ongoing course of business, acquisition costs related to business combinations, amortization of certain intangible assets and environmental remediation costs.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Research and Development

Research and development expenses include payroll, employee benefits and other headcount-related expenses associated with product development. Research and development expenses also include third-party development and programming costs, localization costs incurred to translate software for international market. Such costs related to software development are included in research and development expense until the point that technological feasibility is reached, which for our tools, platforms and frame works, is generally shortly before the products are released to production. Once technological feasibility is reached, such costs are capitalized and amortized over the estimated lives of the products.

Sales and Marketing

Sales and marketing expenses include payroll, employee benefits, and other headcount-related expenses associated with sales and marketing personnel, and the costs of advertising, promotions, trade shows, seminars, and other programs. Advertising costs are expensed as incurred.

Depreciation and Amortization

Property, plant and equipment are carried at cost and depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of all depreciable assets are 5 years as estimated by the management.

Capitalized software costs incurred or acquired after technological feasibility has been established are amortized over period of 5 years. During the current financial year (June 2019), the management discussed and has written off the developed software such as tools and frameworks fully.

Cash and cash equivalents

The Company considers all highly liquid investments (including money market funds) with an original maturity at acquisition of three months or less to be cash equivalents. The Company maintains cash balances, which may exceed federally insured limits. The Company does not believe that this results in any significant credit risk.

Notes and Accounts Receivable – Trade

The Company extends credit to clients based upon management's assessment of their credit-worthiness on an unsecured basis. The Company provides an allowance for uncollectible accounts based on historical experience and management evaluation of trend analysis. The Company includes any balances that are determined to be uncollectible in its allowances for doubtful accounts. As of March 31, 2020, there were no allowances for uncollectible accounts.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Based on the information available, management believes the Company's accounts receivable, net of allowances for doubtful accounts, are collectible.

Related Party transactions

All the related party transactions that were entered during the financial year were in the ordinary course of business of the company and were on arm length basis. There were no materially significant related party transactions entered by the company during the year with the promoters, directors, key managerial personnel or other persons, which may have a potential conflict with the interest of the company.

The following are the related parties:

| Name | Relationship |
|--|---------------------|
| 8K Miles Software Services Limited, India | Parent Company |
| Mentor Minds Solutions & Services Inc. USA | Associate Company |
| NexAge Technologies USA Inc. USA | Associate Company |
| Cornerstone Advisors Group, LLC. USA | Associate Company |
| 8K Miles Software Services Inc. USA | Associate Company |
| Serj Solutions Inc. USA | Subsidiary Company |

Related party transactions including purchases, services, fund and non fund based agreements are disclosed separately (Refer Note H)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation and the Company provides for depreciation of property and equipment using the straight-line method over the estimated useful lives of the related assets is 5 years. Leasehold improvements are amortized using the straight-line method over a shorter of the lease terms or the useful lives of the improvements. The Company charges repairs and maintenance cost that do not extend the lives of the assets to expenses as incurred.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Business Combinations and Intangible Assets Including Goodwill

The company accounts for business combinations using the acquisition method and accordingly, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree are recorded at their acquisition date fair values. Goodwill represents the excess of the purchase price over the fair value of net assets, including the amount assigned to identifiable intangible assets. The primary drivers that generate goodwill are the value of synergies between the acquired entities and the company and the acquired assembled workforce, neither of which qualifies as a separately identifiable intangible asset. Goodwill recorded in an acquisition is assigned to applicable reporting units based on expected revenues. Identifiable intangible assets with finite lives are amortized over their useful lives. Amortization of completed technology is recorded in Cost, and amortization of all other intangible assets is recorded in SG & A expense. Acquisition related costs, including advisory, legal accounting valuation and other costs are expensed in the period in which the costs are incurred. Goodwill is neither amortizable nor deductible for tax purposes. The results of operations of acquired businesses are included in the Consolidated Financial Statements from the acquisition date.

Intangible Assets

All of our intangible assets are subject to amortization and are amortized over their estimated period of benefit of 5 years. However, the management has evaluated the recoverability of the developed intangibles by taking into account events and circumstances and amortized fully during the year as an extraordinary item

Goodwill

In accordance with FASB Accounting Standards Codification ("ASC") 350, the Company performs a goodwill impairment analysis, using the two-step method, on an annual basis and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The recoverability of goodwill is measured at the reporting unit level, by comparing the reporting unit's carrying amount, including goodwill, to the fair market value of the reporting unit. It consistently determines the fair market value of its reporting units based on a weighting of both the present value of future projected cash flows (the "income approach") and the use of comparative market multiples (the "market approach"). The market approach compares each of the Company's reporting units to other comparable companies based on valuation multiples to arrive at a fair value. The income approach is based on assumptions that are consistent with the Company's estimates of future cash flows. Factors requiring significant judgment include assumptions related to future growth rates, discount factors, and tax rates, among other considerations. Changes in economic or operating conditions that occur after the annual impairment analysis and that impact these assumptions, may result in a future goodwill impairment charge.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Income taxes

Income taxes have been provided for using assets and liability approach in which deferred tax assets and liabilities are recognized for the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided for the portion of deferred tax assets when, based on available, it is not "more-likely-than-not" that a portion of the deferred tax assets will not be realized. Deferred tax assets and liabilities are measured using enacted tax rate and laws.

The Company files income tax returns in the U.S. federal jurisdiction, and various State jurisdictions. The Company is generally subject to U.S. Federal, State and local examinations by tax authorities from the three years before 2014.

Fair value of Financial Instruments

FASB ASC 820, *Fair Value Measurement and Disclosures* defines fair value and establishes a hierarchy for reporting the reliability of input measurements used to assess fair value for all assets and liabilities. FASB ASC 820 defines fair value as the selling price that would be received for an asset, or paid to transfer a liability, in the principal or most advantageous market on the measurement date. That framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Certain financial instruments are carried at cost on the balance sheet, which approximates fair value due to their short-term, highly liquid nature. These instruments include cash, accounts receivable, account payable and accrued expenses and other liabilities.

Lease Commitments

The Company do not have any lease commitments as at March 31, 2020.

Limitations and contingencies

The Company does not have any knowledge of any involvement in legal proceedings, either of which the Company has initiated or has been brought against it. The Company's liabilities have been reported on the balance sheet and have no knowledge of any further liabilities or contingencies.

8K Miles Health Cloud Inc. and Subsidiary
Notes to Consolidated Financial Statements
For the year ended March 31, 2020

Subsequent Events

For the year ended March 31, 2020, the Company has evaluated subsequent events through July 15, 2020, the date, which the financial statements were available to be issued. No reportable subsequent events have occurred through July 15, 2020, which would have a significant effect on the financial statements as of March 31, 2020 except as otherwise disclosed.

8K Miles Health Cloud Inc and Subsidiary
Notes to Consolidated Financial Statements
March 31 2020 and 2019

NOTE C

| | <u>2020</u> | <u>2019</u> |
|----------------------------------|------------------|------------------|
| Cash and Cash equivalents | | |
| Cash in hand | \$ - | \$ - |
| Bank Balances | 62,282 | 95,615 |
| Total | \$ 62,282 | \$ 95,615 |

NOTE D

| | <u>2020</u> | <u>2019</u> |
|--|------------------|-------------------|
| Prepaid expenses and other current assets | | |
| Staff advances | \$ 18,291 | \$ 14,714 |
| Others | 50,690 | 733,539 |
| Total | \$ 68,981 | \$ 748,253 |

NOTE E

Property, plant and equipment

The following table details the company's Property, plant and equipment balances by major class

| Particulars | Period of years | Balance as at April 1, 2019 | Additions/ (adjustments) | Balance as at March 31, 2020 | Accumulated Depreciation upto March 31, 2019 | Adjustments during the year | Depreciated for the year | Accumulated Depreciation upto March 31, 2020 | Net carrying amount March 31, 2020 |
|---------------------------------|-----------------|-----------------------------|--------------------------|------------------------------|--|-----------------------------|--------------------------|--|------------------------------------|
| Furniture, fixtures and improve | 5 | \$ 11,326 | \$ (11,326) | \$ - | \$ 10,156 | \$ (11,326) | \$ 1,170 | \$ - | \$ - |
| Computer and accessories | 5 | 182,516 | (182,516) | - | 83,967 | (113,317) | 29,350 | - | - |
| Office equipment | 5 | 49,175 | (49,175) | - | 16,540 | (26,375) | 9,835 | - | - |
| Total | | \$ 243,017 | \$ (243,017) | \$ - | \$ 110,663 | \$ (151,018) | \$ 40,355 | \$ - | \$ - |

NOTE F

Intangible assets including Goodwill

Intangible Assets

The following table details the company's intangible asset balances by major asset class

| Particulars | Period of years | Balance as at April 1, 2019 | Additions/ (adjustments) | Balance as at March 31, 2020 | Accumulated amortization upto March 31, 2019 | Amortized for the period | Amortized as extra ordinary item | Accumulated Amortization upto March 31, 2020 | Net carrying amount March 31, 2020 |
|--------------------------------|-----------------|-----------------------------|--------------------------|------------------------------|--|--------------------------|----------------------------------|--|------------------------------------|
| Capitalized software | 5* | \$ 615,120 | \$ - | \$ 615,120 | \$ 353,125 | \$ - | \$ 261,995 | \$ 615,120 | - |
| Intangibles due to acquisition | 5 | 2,500,000 | - | 2,500,000 | 902,534 | 399,367 | - | 1,301,901 | 1,198,099 |
| Total | | \$ 3,115,120 | \$ - | \$ 3,115,120 | \$ 1,255,659 | \$ 399,367 | \$ 261,995 | \$ 1,917,021 | \$ 1,198,099 |

*The Management proposed to the Technical Team to ascertain the present value of the Capitalized Software and based on the evaluation decided to amortize the entire Net Book Value during the year as an exceptional item and the closing Net Book Value of this asset is NIL as at the year end.

Goodwill

Goodwill arose due to acquisition of businesses and are neither amortizable nor deductible for tax purposes and are as follows:

| Particulars | |
|----------------------------------|-------------------|
| Balance at April 1, 2019 | \$ 152,177 |
| Additions during the year | - |
| Balance at March 31, 2020 | \$ 152,177 |

8K Miles Health Cloud Inc and Subsidiary
Notes to Consolidated Financial Statements
March 31 2020 and 2019

(in US Dollars)

NOTE G

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Other accrued expenses and payable | | |
| Salary payable | \$ 123,903 | \$ 188,010 |
| Audit fee payable | 11,500 | 15,000 |
| Other payable | 874 | 54,793 |
| Total | \$ 136,277 | \$ 257,803 |

NOTE H

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Related party transactions | | |
| <u>Transactions with</u> | <u>Nature</u> | |
| 8K Miles Software Services Inc. | Revenue | \$ 460,452 |
| Cornerstone Advisors Group, LLC | Revenue | 5,665,262 |
| Nexage Technologies USA Inc. | Expenses | 109,365 |
| | | 153,559 |
| | | - |
| <u>Due from</u> | | |
| 8K Miles Software Services Inc. | | 28,964 |
| Cornerstone Advisors Group, LLC | | 9,314,528 |
| | | 109,365 |
| | | - |
| Total | \$ 138,329 | \$ 9,314,528 |
| <u>Due to</u> | | |
| 8K Miles Software Services Inc. | | \$ 874,154 |
| Cornerstone Advisors Group, LLC | | 2,242 |
| Nexage Technologies USA Inc. | | - |
| | | 124,908 |
| | | 153,559 |
| | | 16,057 |
| Total | \$ 1,027,713 | \$ 143,207 |
| Due (to) / from Related parties | \$ (889,384) | \$ 9,171,321 |

NOTE I

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|---------------------|
| Selling, General and Administrative expenses | | |
| Rent, Rates and other operational | \$ 3,610 | \$ 106,027 |
| Sales and Marketing | 783 | 1,141,087 |
| Cloud hosting, communication | 377,174 | 707,288 |
| Research and Development | - | 2,449,375 |
| Traveling and Logistics | 58,122 | 117,924 |
| Business Promotion and related | - | 3,193,977 |
| Other expense | 82,776 | 117,057 |
| Total | \$ 555,305 | \$ 7,855,265 |

NOTE J

| | <u>2020</u> | <u>2019</u> |
|---|----------------------|-------------|
| Non-recurring and Extraordinary items | | |
| Software Developed during the year | \$ 3,675,101 | \$ - |
| Amortization of Software Developed till Previous year | 261,995 | - |
| Loss on Disposal of Tangible assets | 92,000 | - |
| Prior year adjustments | 853,508 | - |
| Bad debts written off | 711,044 | - |
| Intercompany balances knocked off | 10,496,932 | - |
| Total | \$ 16,090,580 | \$ - |

Amounts may not add due to rounding
The accompanying notes form an integral part of the financial statements

8K Miles Health Cloud Inc and Subsidiary
Notes to Consolidated Financial Statements
March 31 2020 and 2019

(in US Dollars)

NOTE K

| | <u>2020</u> | | <u>2019</u> |
|--|-------------|-----------|----------------|
| Other accrued expenses and payable | | | |
| Current Tax: | | | |
| In respect of the current year | \$ - | \$ | 812,394 |
| Adjustments in respect of prior years | - | | - |
| | | | 812,394 |
| Deferred Tax | | | |
| In respect of the current year | - | | - |
| Total income tax expense recognised in statement of profit and loss | \$ - | \$ | 812,394 |

| | <u>2020</u> | | <u>2019</u> |
|--------------------------------------|--------------|-----------|----------------|
| Reconciliation of Income Tax | | | |
| Profit /(Loss) before tax | \$ (198,517) | \$ | 3,651,523 |
| Enacted income tax rate | 21.00% | | 21.00% |
| Computed expected tax expense | \$ - | \$ | 766,820 |

| | | | |
|---|-------------|-----------|----------------|
| Adjustments: | | | |
| Income exempted | \$ - | \$ | - |
| Effect of Deferred tax reversal during tax holiday period | - | | - |
| Taxes paid during the previous period | - | | - |
| Others | - | | 45,574 |
| Total Income tax expense recognised in the statement of earnings | \$ - | \$ | 812,394 |

| | | | |
|--------------------|-------|--|--------|
| Effective Tax Rate | 0.00% | | 22.25% |
|--------------------|-------|--|--------|

| | <u>2020</u> | | <u>2019</u> |
|--|-------------|-----------|------------------|
| Income tax liabilities | | | |
| Income tax provision for the year | \$ - | \$ | 812,394 |
| Less: Paid and deducted at source for the year | - | | (1,495,244) |
| Less : Provisions made in prior years | - | | - |
| Balance due / (excess paid) | \$ - | \$ | (682,850) |