

# 8K Miles Software Services Inc

Consolidated Financial Statements  
March 31, 2020

## 8K Miles Software Services Inc

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**RAVI VENKATARAMAN, CPA LLC**  
Certified Public Accountant

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**Independent Auditor's Report**

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

We have audited the accompanying consolidated balance sheet of 8K Miles Software 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 Software 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 Software Services Inc and Subsidiary Companies  
Consolidated Statement of Financial Position  
March 31 2020 and 2019

*(in US Dollars)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	C	\$ 988,859	\$ 954,220
Notes and Accounts Receivable - Trade		5,387,059	16,517,274
Prepayments and other current assets	D	183,330	13,689,579
<b>Total Current assets</b>		<u>6,559,248</u>	<u>31,161,072</u>
Property, plant and equipment - Net	E	551,895	1,075,885
Intangible assets - Net	F	9,887,770	70,509,053
Goodwill	F	3,536,664	3,536,664
In-Process		477,457	-
<b>Total Assets</b>		<u>21,013,034</u>	<u>106,282,674</u>
 <b>Liabilities and Stockholders' equity</b>			
<b>Current liabilities</b>			
Trade payables		6,613,754	7,356,943
Other accrued expenses and payable	G	3,077,686	2,580,422
Due to related parties (net)	H	4,783,198	21,198,129
Line of Credit		4,980,000	5,000,000
<b>Total Current liabilities</b>		<u>19,454,638</u>	<u>36,135,494</u>
Long-term debt		-	-
Loan from Parent Company	H	-	-
<b>Total liabilities</b>		<u>\$ 19,454,638</u>	<u>\$ 36,135,494</u>
 <b>Equity</b>			
Preferrred stock, par value \$0.001; 10,000,000 authorized			
Common stock, par value \$0.001; 290,000,000 authorized			
32,181,128 shares issued and outstanding		32,181	32,181
Share premium/additional paid-in capital		34,285,668	34,285,668
Retained earnings		(32,759,453)	35,829,331
<b>Total stockholders' equity</b>		<u>1,558,396</u>	<u>70,147,180</u>
<b>Total liabilities and stockholders' equity</b>		<u>\$ 21,013,034</u>	<u>\$ 106,282,674</u>

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

8K Miles Software Services Inc and Subsidiary Companies  
Consolidated financial earnings  
March 31 2020 and 2019

*(in US Dollars)*

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<b>Revenue</b>			
Sales and Services		\$ 47,227,488	\$ 73,752,187
Other Income		142,537	1,713,643
<b>Total Income</b>		<u>47,370,025</u>	<u>75,465,830</u>
<b>Cost</b>			
Sales and Services		38,072,797	47,152,579
<b>Total Cost</b>		<u>38,072,797</u>	<u>47,152,579</u>
<b>Gross Profit</b>		<u>9,297,228</u>	<u>28,313,251</u>
<b>Expenses</b>			
Selling, General and administrative	I	7,962,552	11,226,120
Depreciation	E	525,597	599,090
Amortization	F	2,476,815	9,363,677
Provision for doubtful debts		3,212,823	-
Finance charges		579,555	545,342
<b>Total expenses</b>		<u>14,757,342</u>	<u>21,734,229</u>
<b>(Loss)/Income from continuing operations before Non-recurring and Extraordinary items &amp; income taxes</b>		<u>(5,460,114)</u>	<u>6,579,022</u>
Non-recurring and Extraordinary items	J	63,128,670	-
<b>Profit /(Loss) before income taxes</b>		<u>(68,588,784)</u>	<u>6,579,022</u>
Provision for income taxes	K	-	1,069,488
<b>Income/(Loss) from continuing operations</b>		<u>(68,588,784)</u>	<u>5,509,534</u>
Profit / (Loss) from discontinued operations		-	-
<b>Net Income / (Loss)</b>		<u>\$ (68,588,784)</u>	<u>\$ 5,509,534</u>

8K Miles Software Services Inc and Subsidiary Companies  
Consolidated statement of cash flows  
March 31 2020 and 2019

(in US Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Net income	\$ (68,588,785)	\$ 5,509,534
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	525,597	599,090
Amortization	2,476,815	9,363,677
Non recurring & Extra-ordinary items	58,144,468	-
Bad debts written off	4,018,052	-
Provision for Doubtful debts	3,212,823	-
Advances written off	6,500,000	-
Interest expense	579,555	545,342
<b>Operating profit before changes in assets and liabilities</b>	<u>6,868,526</u>	<u>16,017,644</u>
Changes in operating assets and liabilities		
Notes and Accounts Receivable - Trade	3,899,339	(954,072)
Prepayments and Other assets	7,006,249	(4,295,481)
Advances towards proposed acquisition	-	300,000
Accounts payable	(743,189)	(786,504)
Other accrued expenses payable	497,264	155,664
Due to related parties	(16,414,932)	22,206,609
Total adjustments	<u>(5,755,268)</u>	<u>16,626,217</u>
<b>Net cash provided by operating activities</b>	<u>1,113,258</u>	<u>32,643,861</u>
<b>Cash flows from investing activities</b>		
Property, plant and equipment- net	(1,607)	(49,179)
Tools, platform and frame works and acquired intangibles	-	(38,857,694)
Software/tools/platforms - development (in process)	(477,457)	3,278,320
<b>Net cash used in investing activities</b>	<u>(479,064)</u>	<u>(35,628,553)</u>
<b>Cash flows from financing activities</b>		
Repayment of loans	(20,000)	2,934,939
Interest expenses	(579,555)	(545,342)
Long-term Liabilities	-	(3,825,000)
Increase in common stock & additional paid-in capital	-	3,925,000
<b>Net cash provided by financing activities</b>	<u>(599,555)</u>	<u>2,489,597</u>
Net change in cash and cash equivalents	34,639	(495,096)
Cash and cash equivalents at the beginning of the year	954,220	1,449,316
<b>Cash and cash equivalents at the end of the year</b>	<u>\$ 988,859</u>	<u>\$ 954,220</u>



8K Miles Software Services Inc and Subsidiary Companies  
 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
<b><u>2019</u></b>				
As at April 1, 2018	\$ 31,200	\$ 30,361,649	\$ 30,319,797	\$ 60,712,646
Common stock issued during the year	981	-	-	981
Additional paid-in capital	-	3,924,019	-	3,924,019
Net income	-	-	5,509,534	5,509,534
<b>Equity, March 31, 2019</b>	<b><u>\$ 32,181</u></b>	<b><u>\$ 34,285,668</u></b>	<b><u>\$ 35,829,331</u></b>	<b><u>\$ 70,147,180</u></b>
<b><u>2020</u></b>				
As at April 1, 2019	\$ 32,181	\$ 34,285,668	\$ 35,829,331	\$ 70,147,180
Common stock issued during the year	-	-	-	-
Additional paid-in capital	-	-	-	-
Net income /(Loss)	-	-	(68,588,784)	(68,588,784)
<b>Equity, March 31, 2020</b>	<b><u>\$ 32,181</u></b>	<b><u>\$ 34,285,668</u></b>	<b><u>\$ (32,759,453)</u></b>	<b><u>\$ 1,558,396</u></b>

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

**8K Miles Software Services Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2020**

**NOTE A – ORGANIZATION & DESCRIPTION OF BUSINESS**

8K Miles Software Services Inc. (“the Company”) was incorporated under the laws of the State of Nevada on February 17, 2011 and is 64.42% as on 31<sup>st</sup> March 2020 (64.42% as on 31<sup>st</sup> March 2019) subsidiary of 8K Miles Software Services Limited (“8K Miles”). 8K Miles is a Company incorporated under the laws of the Republic of India.

The Company is a thought leader in advising companies operating in highly regulated industries in drafting cloud transformation strategy and subsequently, implementing it as a secure, agile and scalable environment. The Company enables this implementation through a series of patented products that have been packaged into a fully integrated platform to provide additional value-added services like managed services, big data and analytics, identity management, validation and other regulatory checks on SaaS basis. The company’s cloud solutions help companies integrate cloud computing into IT and Business strategies.

**NexAge Technologies USA Inc.**

NexAge Technologies USA Inc. (“the Subsidiary”) which is a 100% subsidiary of 8K Miles Software Services Inc. and was incorporated in the State of New Jersey was acquired on September 4, 2015. The Subsidiary specializes in Regulatory Compliance and proprietary IT solutions for US Life Sciences Industry. The Subsidiary’s 15 years track record in the areas of Computer Systems Validation, Quality Review, Vendor Audits, Data Analysis and Migration, Analytics, Change Management, and Governance has earned it expertise, unique insights, wide collaborative partner networks, and industry-wide respect.

**Cornerstone Advisory Services LLC**

Cornerstone Advisory Services LLC (“the Subsidiary”) a Limited Liability Corporation acquired effective 1<sup>st</sup> May 2017 as 100% subsidiary of 8K Miles Software Services Inc. Cornerstone Advisory Services specializes Advisory, Implementation & Resourcing services to clients in healthcare sector with extensive, real-world experience to understand and appreciate every client’s unique challenges & effectively partner to drive change.

**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 of America (“U.S. GAAP”)



8K Miles Software Services Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2020

**Principles of Consolidation**

The consolidated financial statements include the financial statements of 8K Miles Software Services Inc. and its subsidiaries. All significant Intercompany transactions and balances have been eliminated. Previous year's numbers are regrouped wherever necessary.

**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 amortization of 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 evident 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.

**8K Miles Software Services Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**For the year ended March 31, 2020**

**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.

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.

8K Miles Software Services Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2020

**Selling, General and Administrative**

Selling, general and administrative (SG&A) expense is charged to income 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.

**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, plat forms 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, the management discussed and has written off the developed software such as tools and frameworks fully.



**8K Miles Software Services Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
For the year ended March 31, 2020

**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. 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:

<b>Name</b>	<b>Relationship</b>
8K Miles Software Services Limited, India	Parent Company
Mentor Minds Solutions & Services Inc. USA	Associate Company
NexAge Technologies USA Inc. USA	Subsidiary Company
Cornerstone Advisors Group, LLC. USA	Subsidiary Company
8K Miles Health Cloud Inc. USA	Associate Company
Serj Solutions Inc. USA	Associate Company

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

8K Miles Software Services Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2020

**Property and Equipment**

Property and equipment are 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.

**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 over their estimated period of benefit of 5 years. However, during the year, the management has evaluated the recoverability of the developed intangibles by taking into account events and circumstances and amortized fully as an extraordinary item.



8K Miles Software Services Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2020

**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 weightage 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.

**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.

8K Miles Software Services Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended March 31, 2020

**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 has entered into an office leases as follows:

**Pleasanton, California**

Office at # 4309 Hacienda Drive, Pleasanton, California - Lease commenced from 16<sup>th</sup> May 2017 with a term of 38.50 months lease commitment. The future minimum rental payments under the lease agreement is given below.

**East Brunswick, New Jersey**

Office at # 2 Tower Centre, East Brunswick, New Jersey - Lease commenced from 1<sup>st</sup> December 2015 with a term of 94 months lease commitment. The future minimum rental payments under the lease agreement is given below.

Period	Pleasanton California	East Brunswick New Jersey	Total
For the year to end March 31, 2021	70,101	197,423	267,524
2022	0	201,012	201,012
2023	0	201,012	201,012
2024	0	100,506	100,506
<b>Total</b>	<b>\$ 70,101</b>	<b>699,953</b>	<b>770,054</b>

8K Miles Software Services Inc. and Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended 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.

**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 Software Services Inc and Subsidiary Companies  
Notes to Consolidated Financial Statements  
March 31 2020 and 2019

(in US Dollars)

**NOTE C**

	<u>2020</u>	<u>2019</u>
<b>Cash and Cash equivalents</b>		
Cash in hand	\$ -	\$ 3,042
Bank Balances	988,859	951,178
<b>Total</b>	<b>\$ 988,859</b>	<b>\$ 954,220</b>

**NOTE D**

	<u>2020</u>	<u>2019</u>
<b>Prepaid expenses and other current assets</b>		
Staff advances	\$ 31,766	\$ 25,865
Prepayments	101,540	4,514
Deposits	50,024	50,024
Un Billed Revenue	-	2,459,444
Advance for acquisition*	-	6,500,000
Others	-	4,649,732
<b>Total</b>	<b>\$ 183,330</b>	<b>\$ 13,689,579</b>

\* These are advances paid towards potential acquisition target identified by the Management.

**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, 2020	Depreciated for the year	Additions/ (adjustments)	Accumulated Depreciation upto March 31, 2020	Net carrying amount March 31, 2020
Furniture, fixtures and improvem	5	\$ 1,974,213	\$ (53,284)	\$ 1,920,930	\$ 1,162,785	\$ 385,449	\$ (53,283)	\$ 1,494,951	\$ 425,979
Computer and accessories	5	591,160	1,607	592,767	463,015	81,595	-	544,610	48,157
Office equipment	5	344,120	-	344,120	207,808	58,553	-	266,361	77,759
<b>Total</b>		<b>\$ 2,909,493</b>	<b>\$ (51,677)</b>	<b>\$ 2,857,817</b>	<b>\$ 1,833,608</b>	<b>\$ 525,597</b>	<b>\$ (53,283)</b>	<b>\$ 2,305,922</b>	<b>\$ 551,895</b>

**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, 2020	Amortized for the year	Amortized as extra ordinary item	Accumulated Amortization upto March 31, 2020	Net carrying amount March 31, 2020
Capitalized software	5	\$ 68,331,270	\$ -	\$ 68,331,270	\$ 10,485,319	\$ -	\$ 57,845,951	\$ 68,331,270	\$ (0)
Patents/trademarks	5	701,579	-	701,579	403,062	-	298,517	\$ 701,579	-
Intangibles due to Acquisitions	5	17,911,591	-	17,911,591	5,547,006	2,476,815	-	\$ 8,023,821	9,887,770
<b>Total</b>		<b>\$ 86,944,440</b>	<b>\$ -</b>	<b>\$ 86,944,440</b>	<b>\$ 16,435,387</b>	<b>\$ 2,476,815</b>	<b>\$ 58,144,468</b>	<b>\$ 77,056,670</b>	<b>\$ 9,887,770</b>

\*The Management proposed to the Technical Team to ascertain the present value of the Capitalized Software and based on the evaluation, the management has 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 end of the year.

**Goodwill**

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

Particulars	
Balance at April 1, 2019	\$ 3,536,664
Additions during the year	-
<b>Balance at March 31, 2020</b>	<b>\$ 3,536,664</b>







8K Miles Software Services Inc and Subsidiary Companies  
Notes to Consolidated Financial Statements  
March 31 2020 and 2019

*(in US Dollars)*

**NOTE K**

	<u>2020</u>	<u>2019</u>
<b>Other accrued expenses and payable</b>		
Current Tax:		
In respect of the current year	\$ -	\$ 1,069,488
Adjustments in respect of prior years	-	-
	-	<b>1,069,488</b>
Deferred Tax		
In respect of the current year	-	-
<b>Total income tax expense recognised in statement of profit and loss</b>	<b>\$ -</b>	<b>\$ 1,069,488</b>

	<u>2020</u>	<u>2019</u>
<b>Reconciliation of Income Tax</b>		
Profit Before Tax	(5,460,114)	6,579,022
Enacted income tax rate	21.00%	21.00%
<b>Computed expected tax expense</b>	<b>\$ -</b>	<b>\$ 1,381,595</b>
Adjustments:		
Income exempted	-	-
Effect of Deferred tax reversal during tax holiday period	-	-
Others	-	(339,681)
<b>Total Income tax expense recognised in the statement of earnings</b>	<b>\$ -</b>	<b>\$ 1,041,914</b>

	0.00%	15.84%
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	<u>2020</u>	<u>2019</u>
<b>Income tax liabilities</b>		
Income tax provision for the year	\$ -	\$ 1,069,488
Prior year taxes payable	-	1,778,883
Less: Paid and deducted at source for the year	-	(6,726,271)
Less : Provisions made in prior years	-	-
<b>Balance due / (excess paid)</b>	<b>\$ -</b>	<b>\$ (3,877,900)</b>