



**MCKENZIE**

**FORENSIC AUDITORS, INC**  
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors  
and Financial Statements for

**Alset Auto Development, LLC**  
For the period September 30, 2024

## **CONTENTS**

---

	PAGE
Independent Auditors' Report	i – ii
<b>FINANCIAL STATEMENTS</b>	
Balance Sheets	01
Statements of Income	02
Statements of Changes in Stockholders' Equity	03
Statement of Cash Flow	04
Notes to Financial Statements	05 – 07



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management of  
**Alset Auto Development, LLC**

### **Opinion**

We have audited the financial statements of Alset Auto Development, LLC, which comprise the statement of financial position as of September 30, 2024 and the related statements of activities, cash flows and statement of changes in equity for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alset Auto Development, LLC as of September 30, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alset Auto Development, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alset Auto Development, LLC's ability to continue as a going concern for financial year 2025.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alset Auto Development, LLC's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alset Auto Development, LLC's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

McKenzie Forensic Group, Inc.  
Firm Audit License #: **AD67362**  
Individual License #: **AC44080**



Principal: Nathaniel McKenzie, MBA, CPA, CVA, CFE, CAM

Fort Lauderdale  
November 23, 2024

**ALSET AUTO DEVELOPMENT, LLC.**  
**BALANCE SHEET**  
**AS OF SEPTEMBER 30, 2024**

<b>CURRENT ASSETS:</b>	<b>Note</b>	<b><u>2024</u></b>	<b><u>2023</u></b>
Cash and cash equivalents	4	\$ 18,962	\$ 62,304
Inventory		\$ 15,392	\$ 26,593
<b>Total Current Assets</b>		<b><u>\$ 34,354</u></b>	<b><u>\$ 88,897</u></b>
<b>NON CURRENT ASSETS:</b>			
Intangibles	5	\$ 8,899	\$ 5,175
<b>Total Non Current Assets</b>		<b><u>\$ 8,899</u></b>	<b><u>\$ 5,175</u></b>
<b>TOTAL ASSETS</b>		<b><u>\$ 43,253</u></b>	<b><u>\$ 94,072</u></b>
<b>CURRENT LIABILITIES:</b>			
Payroll Liability		\$ 11,604	\$ 8,574
Due to related party	6	\$ 153,176	\$ 132,658
<b>Total Current Liabilities</b>		<b><u>\$ 164,780</u></b>	<b><u>\$ 141,232</u></b>
 <b>TOTAL LIABILITIES</b>		 <b><u>\$ 164,780</u></b>	 <b><u>\$ 141,232</u></b>
 <b>PARTNER'S EQUITY</b>		 <b><u>\$ (121,527)</u></b>	 <b><u>\$ (47,160)</u></b>
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>		<b><u>\$ 43,253</u></b>	<b><u>\$ 94,072</u></b>

The Accompanying Notes are an integral part of these Financial Statements

**ALSET AUTO DEVELOPMENT, LLC.**

**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
<b>SALES</b>	<b>3</b>	\$ 1,145,878	\$ 949,793
<b>COST OF SALES</b>		\$ 109,625	\$ 26,057
<b>GROSS PROFIT</b>		\$ 1,036,253	\$ 923,736
<b>OPERATING EXPENSES</b>			
Advertising & Marketing		\$ 166,678	\$ 134,356
Amortization Expense		\$ 1,350	\$ 788
Auto Expense		\$ 308	\$ 341
Bank Charges & Fees		\$ 1,288	\$ 987
Dues and subscriptions		\$ 250	-
Contractors		\$ 2,723	\$ 2,590
Franchisee costs		\$ 150	\$ 33,412
Guaranteed Payment - Bunting		-	\$ 30,000
Legal & Professional Services		\$ 46,917	\$ 95,691
Meals & Entertainment		\$ 3,937	\$ 7,341
Office Supplies & Software		\$ 28,762	\$ 26,355
Office Rental		-	\$ 1,829
Office Equipment		\$ 472	\$ 1,299
Payroll Expenses		\$ 292,588	\$ 141,003
Postage & Delivery		\$ 3,312	
Sales Representative		\$ 180,604	\$ 122,177
Taxes & Licenses		\$ 350	\$ 1,725
Telecommunications		\$ 242	\$ 201
Travel		\$ 30,691	\$ 28,768
Video Production		-	\$ 14,804
<b>Total Operating Expenses</b>		\$ 760,620	\$ 643,667
<b>OPERATING INCOME (LOSS)</b>		\$ 275,633	\$ 280,069
<b>NET INCOME BEFORE TAXES</b>		\$ 275,633	\$ 280,069
<b>INCOME TAXES</b>		-	-
<b>NET INCOME</b>		<b>\$ 275,633</b>	<b>\$ 280,069</b>

The Accompanying Notes are an integral part of these Financial Statements

**ALSET AUTO DEVELOPMENT, LLC.  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<b>Partners Equity</b>	<b>Retained Earnings</b>	<b>Total Equity</b>
Opening Balance as on 1 October 2022	\$ (49,321)	\$ (57,908)	\$ (107,229)
Current year profit/(loss)		\$ 280,069	\$ 280,069
Distribution		\$ (220,000)	\$ (220,000)
<b>Closing Balance as on 30 September 2023</b>	<b>\$ (49,321)</b>	<b>\$ 2,161</b>	<b>\$ (47,160)</b>
Opening Balance as on 1 October 2023	\$ (49,321)	\$ 2,161	\$ (47,160)
Current year profit/(loss)		\$ 275,633	\$ 275,633
Distribution		\$ (350,000)	\$ (350,000)
<b>Closing Balance as on 30 September 2024</b>	<b>\$ (49,321)</b>	<b>\$ (72,206)</b>	<b>\$ (121,527)</b>

The Accompanying Notes are an integral part of these Financial Statements

**ALSET AUTO DEVELOPMENT, LLC.**  
**STATEMENT OF CASH FLOWS – INDIRECT METHOD**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2024**

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 275,633	\$ 280,069
Adjustments to Reconcile Net Income to Net Cash Flows From Operating Activities:		
Amortization	\$ 1,350	\$ 788
Decrease (Increase) in Operating Assets:		
Inventory	\$ 11,201	\$ (20,179)
Increase (Decrease) in Operating Liabilities:		
Due (to)/ from related party	\$ 20,518	\$ (3,025)
Payroll liabilities	\$ 3,030	\$ 8,574
Total Adjustments	\$ 36,099	\$ (13,842)
<b>Net Cash Flows From Operating Activities</b>	<u>\$ 311,732</u>	<u>\$ 266,227</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Intangible	\$ (5,074)	-
<b>Net Cash Flows From Investing Activities</b>	<u>\$ (5,074)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Member's Withdrawals	\$ (350,000)	\$ (220,000)
<b>Net Cash Flows used in Financing Activities</b>	<u>\$ (350,000)</u>	<u>\$ (220,000)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ (43,342)	\$ 46,227
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	\$ 62,304	\$ 16,076
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	<u>\$ 18,962</u>	<u>\$ 62,304</u>

The Accompanying Notes are an integral part of these Financial Statements

**Note 1 – Description of the Organization**

Alset Auto Development LLC (the 'Company') is a corporation incorporated on September 11, 2020 under the laws of the State of Oregon. The company specialize in providing ancillary services such as Paint Protection Film (PPF), Ceramic coatings and window tints exclusively to Tesla owners.

The Company operates business at various locations through franchises situated at Atlanta, Austin, Boston, Dallas, Houston, Jacksonville, Las Vegas, Los Angeles, Orlando, Sacramento, San Diego, Tampa and Vancouver BC.

**Note 2 – Summary of significant accounting policies**

The principal accounting policies adopted in preparation of the financial statements ae set out below. The financial statements are presented in US Dollar, which is the Company's functional currency.

**Basis of presentation**

The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), as appropriate for for-profit oriented entities.

**Measure of operations**

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Company's ongoing services and other income.

**Use of estimates**

The financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Management uses its historical records and knowledge of its business in making these estimates. Accordingly, actual results may differ from these estimates.

**Cash and cash equivalents**

The Company considers cash equivalents to include short-term, highly liquid investments with an original maturity of three months or less.

**Fair Value of financial instruments**

Financial instruments that are not measured at fair value include accounts receivable, accounts payable and debt. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term maturities.

**Accounts receivable and Concentration of credit risk**

Accounts receivable are stated net of allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of customers to meet their obligations. It is the policy of the Company to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of September 30, 2024, the Company did not have any receivables.

**Inventory**

Inventory is stated at the lower of cost or net realizable value. Cost is determined by the first in first out cost method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

**Website development cost**

The Company certain costs associated with website and software development for internal use according to ASC 350-50-Intangibles-Goodwill and Other-Website Development costs. The Company has capitalized \$11,823 and the related accumulated amortization amounted to \$2,924 as of 30 September,2024.

**Revenue Recognition**

The Company recognizes revenue as follows:

Franchise Sales and fee - The Company recognizes the revenue from the sale of franchises with an appropriate provision for estimated uncollectible amounts when all the material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor (i.e., the Company). Substantial performance for the franchisor means that:

(a) The franchisor has no remaining obligation or intent - by agreement, trade practice, or law - to refund any cash received or forgive any unpaid notes receivable;

(b) Substantially all of the initial services of the franchisor required by the franchise agreement have been performed; and

(c) No other material conditions or obligations related to the determination of substantial performance exist. Franchise Fees (i.e., Royalties) - Continuing franchise fees are recognized as revenue when earned and become receivable from the franchisee.

**Cost of sales**

Cost of sales consists of the direct costs associated with procuring parts from suppliers and delivering products to customers. These costs include direct product costs, outbound freight and shipping costs, warehouse supplies and warranty costs, partially offset by purchase discounts. Amortization expenses are excluded from cost of sales and included in operating expense.

**Operating expense**

Operating expense consists of marketing, general and administrative expenses. Marketing costs including advertising, are expensed as incurred. The majority of advertising expense is paid to internet search engine service providers and internet commerce facilitators. Other expenses consist of payroll and related expenses, technological expenses, etc.

**Income Taxes**

The Company is obligated to pay corporate income taxes in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "Income Taxes". During the current year, no income tax liability has been recorded. Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and the amounts that are reported in the income tax returns. The net deferred income tax assets have been fully reserved by a valuation allowance due to the uncertainty of our ability to realize future taxable income and to recover our net deferred income tax assets.

**Note 3 – Revenue**

	<u>2024</u>	<u>2023</u>
Initial Franchise Fee	\$ 250,000	\$ 448,500
Monthly Royalty & Advertising Fund Fees	\$ 504,682	\$ 266,189
Shop Supplies Sales	\$ 141,731	\$ 97,155
PPF Sales Commissions	\$ 258,624	\$ 125,949
Grand Opening Advertising	-	\$ 2,000
Franchisee Set-up Fee	-	\$ 10,000
Discounts/Refunds Given	\$ (9,159)	-
<b>Total</b>	<b><u>\$ 1,145,878</u></b>	<b><u>\$ 949,793</u></b>

**Note 4 – Cash and cash equivalents**

The Company has the following balances with bank as on 30 September, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Bank of America Checking 3229	\$ (437)	\$ 44,781
Bank of America Supplies 6332	\$ 117	\$ 17,523
First Citizens Operating 1837	\$ 13,811	-
First Citizens Supplies 1845	\$ 5,361	-
First Citizens Wire Acct 2982	\$ 110	-
	<b><u>\$ 18,962</u></b>	<b><u>\$ 62,304</u></b>

**Note 5 – Intangibles**

As of September 30, 2024 and 2023, the Company has the following intangible assets:

	<u>2024</u>	<u>2023</u>
Intangibles	\$ 11,823	\$ 6,750
Less: Accumulated amortization	\$ (2,924)	\$ (1,575)
	<b><u>\$ 8,899</u></b>	<b><u>\$ 5,175</u></b>

**Note 6 – Due to related party**

Alset LLC is a related party to Alset Auto Development as the management of both the entities are same. During the year, the Company has entered into transactions with Alset LLC and has a balance of \$153,176 as on 30 September, 2024.

**Note 7 – Subsequent events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued or available to be issued. The Company has evaluated subsequent events through 23<sup>rd</sup> November, 2024, which is the date the financial statements were issued.

Report of Independent Auditors  
and Financial Statements for

**ALSET AUTO DEVELOPMENT, LLC**

September 30, 2023

## **CONTENTS**

---

	PAGE
Independent Auditors' Report	i - ii
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	1
Statements of Activities	2
Statement of changes in equity	3
Statements of Cash Flows – Indirect Method	4
Notes to Financial Statements	5 - 8



## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management of  
**Alset Auto Development, LLC**

### **Report on the Financial Statements**

#### **Opinion**

We have audited the financial statements of Alset Auto Development, LLC, which comprise the statement of financial position as of September 30, 2023 and the related statements of activities, cash flows and statement of changes in equity for the year then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alset Auto Development, LLC as of September 30, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alset Auto Development, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alset Auto Development, LLC's ability to continue as a going concern for financial year 2024.



## **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alset Auto Development, LLC's internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alset Auto Development, LLC's ability to continue as a going concern for a reasonable period of time.
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**McKenzie Forensic Group, Inc.**

**Firm Audit License #: AD67362**

**Individual License #: AC44080**

**Principal: Nathan McKenzie, MBA, CPA, CVA, CFE, CAM**

A handwritten signature in cursive script that reads 'N McKenzie'.

Fort Lauderdale

2nd November, 2023

**ALSET AUTO DEVELOPMENT, LLC**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT SEPTEMBER 30, 2023 AND 2022**

	Note	<u>2023</u>		<u>2022</u>
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	4	\$ 62,304	\$	16,076
Inventory		26,593		6,414
<b>Total Current Assets</b>		<u>88,897</u>		<u>22,490</u>
<b>NON CURRENT ASSETS:</b>				
Intangibles	5	5,175		5,962
<b>Total Non Current Assets</b>		<u>5,175</u>		<u>5,962</u>
<b>TOTAL ASSETS</b>		<u><b>\$ 94,072</b></u>	<u><b>\$</b></u>	<u><b>28,452</b></u>
 <b>CURRENT LIABILITIES:</b>				
Payroll Liability		\$ 8,574	\$	-
Due to related party	6	132,658		135,681
<b>Total Current Liabilities</b>		<u>141,232</u>		<u>135,681</u>
 <b>LONG-TERM LIABILITIES</b>				
<b>TOTAL LIABILITIES</b>		<u>141,232</u>		<u>135,681</u>
 <b>PARTNER'S EQUITY</b>				
<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>		<u><b>\$ 94,072</b></u>	<u><b>\$</b></u>	<u><b>28,452</b></u>

**ALSET AUTO DEVELOPMENT, LLC**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023 AND 2022**

	Note	<u>2023</u>	<u>2022</u>
<b>SALES</b>	<b>3</b>	\$ 949,793	178,085
<b>COST OF SALES</b>		<u>26,057</u>	<u>6,371</u>
<b>GROSS PROFIT</b>		<u>923,736</u>	<u>171,714</u>
<b>OPERATING EXPENSES:</b>			
Advertising & Marketing		134,356	35,381
Amortization Expense		788	788
Auto Expense		341	2,147
Bank Charges & Fees		987	432
Dues and subscriptions		-	616
Contactors		2,590	-
Franchisee costs		33,412	6,581
Guaranteed Payment - Bunting		30,000	-
Legal & Professional Services		95,691	33,396
Meals & Entertainment		7,341	6,392
Office Supplies & Software		26,355	4,888
Office Rental		1,829	-
Office Equipment		1,299	3,236
Payroll Expenses		141,003	-
Sales Representative		122,177	64,000
Taxes & Licenses		1,725	900
Telecommunications		201	-
Travel		28,768	27,146
Video Production		14,804	30,860
<b>Total Operating Expenses</b>		<u>643,667</u>	<u>216,763</u>
<b>OPERATING INCOME (LOSS)</b>		280,069	(45,049)
<b>NET INCOME BEFORE TAXES</b>		<u>280,069</u>	<u>(45,049)</u>
<b>INCOME TAXES</b>		-	-
<b>NET INCOME</b>		<u>\$ 280,069</u>	<u>(45,049)</u>

**ALSET AUTO DEVELOPMENT, LLC**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023 AND 2022**

---

Particulars	Partners Equity	Retained Earnings	Total Equity
Opening Balance as on 1 October 2021	\$ (49,321)	(12,859)	(62,180)
Current year loss		(45,049)	(45,049)
<b>Closing Balance as on 30 September 2022</b>	<b>\$ (49,321)</b>	<b>(57,908)</b>	<b>(107,229)</b>
Opening Balance as on 1 October 2022	\$ (49,321)	(57,908)	(107,229)
Current year profit/(loss)		280,069	280,069
Distribution		(220,000)	(220,000)
<b>Closing Balance as on 30 September 2023</b>	<b>\$ (49,321)</b>	<b>2,161</b>	<b>(47,160)</b>

**ALSET AUTO DEVELOPMENT, LLC**  
**STATEMENT OF CASH FLOWS – INDIRECT METHOD**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Net Income	\$ 280,069
Adjustments to Reconcile Net Income to Net Cash Flows From Operating Activities:	
Amortization	788
Decrease (Increase) in Operating Assets:	
Trade Accounts Receivable	-
Inventory	(20,179)
Increase (Decrease) in Operating Liabilities:	
Due to related party	(3,025)
Payroll liabilities	8,574
Total Adjustments	(13,842)
<b>Net Cash Flows From Operating Activities</b>	266,227
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of Intangible	-
Organizational cost	-
<b>Net Cash Flows From Investing Activities</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Member's Withdrawals	(220,000)
<b>Net Cash Flows used in Financing Activities</b>	(220,000)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	46,227
<b>CASH AND CASH EQUIVALENTS - BEGINNING</b>	16,076
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 62,304

## **ALSET AUTO DEVELOPMENT, LLC**

### **NOTES TO FINANCIAL STATEMENTS**

---

#### **Note 1 – Description of the Organization**

Alset Auto Development LLC (the 'Company') is a corporation incorporated on September 11, 2020 under the laws of the State of Oregon. The company specialize in providing ancillary services such as Paint Protection Film (PPF), Ceramic coatings and window tints exclusively to Tesla owners.

The Company operates business at various locations through franchises situated at Atlanta, Austin, Boston, Dallas, Houston, Jacksonville, Las Vegas, Los Angeles, Orlando, Sacramento, San Diego, Tampa and Vancouver BC.

#### **Note 2 – Summary of significant accounting policies**

The principal accounting policies adopted in preparation of the financial statements ae set out below. The financial statements are presented in US Dollar, which is the Company's functional currency.

##### *Basis of presentation*

The financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), as appropriate for for-profit oriented entities.

##### *Measure of operations*

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Company's ongoing services and other income.

##### *Use of estimates*

The financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Management uses its historical records and knowledge of its business in making these estimates. Accordingly, actual results may differ from these estimates.

##### *Cash and cash equivalents*

The Company considers cash equivalents to include short-term, highly liquid investments with an original maturity of three months or less.

##### *Fair Value of financial instruments*

Financial instruments that are not measured at fair value include accounts receivable, accounts payable and debt. The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short-term maturities.

##### *Accounts receivable and Concentration of credit risk*

Accounts receivable are stated net of allowance for doubtful accounts. The allowance is based on collection experience and other circumstances that may affect the ability of customers to meet their obligations. It is the policy of the Company to charge off uncollectible accounts receivable when management determines the receivable will not be collected. As of September 30, 2023, the Company did not have any receivables.

## ALSET AUTO DEVELOPMENT, LLC

### NOTES TO FINANCIAL STATEMENTS

---

#### *Inventory*

Inventory is stated at the lower of cost or net realizable value. Cost is determined by the first in first out cost method. Appropriate consideration is given to obsolescence, excessive levels, deterioration, and other factors in evaluating net realizable value.

#### *Website development cost*

The Company certain costs associated with website and software development for internal use according to ASC 350-50-*Intangibles-Goodwill and Other-Website Development* costs. The Company has capitalized \$6,750 and the related accumulated amortization amounted to \$1,575 as of 30 September,2023.

#### *Revenue Recognition*

The Company recognizes revenue as follows:

Franchise Sales and fee - The Company recognizes the revenue from the sale of franchises with an appropriate provision for estimated uncollectible amounts when all the material services or conditions relating to the sale have been substantially performed or satisfied by the franchisor (i.e., the Company). Substantial performance for the franchisor means that:

(a) the franchisor has no remaining obligation or intent - by agreement, trade practice, or law - to refund any cash received or forgive any unpaid notes receivable;

(b)substantially all of the initial services of the franchisor required by the franchise agreement have been performed; and

(c) no other material conditions or obligations related to the determination of substantial performance exist.

Franchise Fees (i.e., Royalties) - Continuing franchise fees are recognized as revenue when earned and become receivable from the franchisee.

#### *Cost of sales*

Cost of sales consists of the direct costs associated with procuring parts from suppliers and delivering products to customers. These costs include direct product costs, outbound freight and shipping costs, warehouse supplies and warranty costs, partially offset by purchase discounts. Amortization expenses are excluded from cost of sales and included in operating expense.

#### *Operating expense*

Operating expense consists of marketing, general and administrative expenses. Marketing costs including advertising, are expensed as incurred. The majority of advertising expense is paid to internet search engine service providers and internet commerce facilitators. Other expenses consist of payroll and related expenses, technological expenses, etc.

#### *Income Taxes*

The Company is obligated to pay corporate income taxes in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 "Income Taxes". During the current year, no income tax liability has been recorded. Deferred income tax assets and liabilities are recognized for temporary differences between the financial statement carrying amounts of assets and liabilities and the amounts that are reported in the income tax returns. The net deferred income tax assets have been fully reserved by a valuation allowance due to the uncertainty of our ability to realize future taxable income and to recover our net deferred income tax assets.

**ALSET AUTO DEVELOPMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**Note 3 – Revenue**

	<b>2023</b>	<b>2022</b>
Initial Franchise Fee	448,500	130,000
Monthly Royalty & Advertising Fund Fees	266,189	31,404
Shop Supplies Sales	97,155	16,681
PPF Sales Commissions	125,949	-
Grand Opening Advertising	2,000	-
Franchisee Set-up Fee	10,000	-
	<u>949,793</u>	<u>1,78,085</u>

**Note 4 – Cash and cash equivalents**

The Company has the following balances with bank as on 30 September, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Bank of America Checking 3229	44,781	10,359
Bank of America Supplies 6332	17,523	5,717
	<u>62,304</u>	<u>16,076</u>

**Note 5 – Intangibles**

As of September 30, 2023 and 2022, the Company has the following intangible assets:

	<b>2023</b>	<b>2022</b>
Intangibles	6,750	6,750
Less: Accumulated amortization	-1,575	-788
	<u>5,175</u>	<u>5,962</u>

**Note 6 – Due to related party**

Alset LLC is a related party to Alset Auto Development as the management of both the entities are same. During the year, the Company has entered into transactions with Alset LLC and has a balance of \$132,657 as on 30 September, 2023.

**ALSET AUTO DEVELOPMENT, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

---

**Note 7 – Subsequent events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before financial statements are issued or available to be issued. The Company has evaluated subsequent events through 2nd November, 2023, which is the date the financial statements were issued.

**These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.**

# Alset Auto Development LLC

## Profit and Loss

January - June, 2025

	TOTAL
Income	
4100 Monthly Royalty & Adv Fund Fees	283,330.06
4150 Shop Supplies Sales	14,656.16
4160 Sales Commissions	156,205.37
4170 Licensing Partnership Fees	21,831.13
<b>Total Income</b>	<b>\$476,022.72</b>
Cost of Goods Sold	
5200 Franchise Shop Supplies	11,348.00
<b>Total Cost of Goods Sold</b>	<b>\$11,348.00</b>
<b>GROSS PROFIT</b>	<b>\$464,674.72</b>
Expenses	
6005 Advertising & Marketing	74,757.76
6100 Bank Charges & Fees	86.74
6180 Contractors	11,540.00
6350 Interest Paid	479.37
6400 Legal & Professional Services	23,200.91
6460 Meals & Entertainment	228.02
6500 Office Supplies & Software	5,516.97
6505 Office Rental	46,350.00
6506 CAM Charges	4,756.58
<b>Total 6505 Office Rental</b>	<b>51,106.58</b>
6511 Payroll Expenses	
6512 Payroll-Partner	83,333.52
6513 Payroll-Employee	91,446.86
6514 Payroll Taxes	17,604.16
<b>Total 6511 Payroll Expenses</b>	<b>192,384.54</b>
6520 Postage & Delivery	16.59
6590 Sales Rep/Commissions	74,208.00
6600 Taxes & Licenses	450.00
6610 Local	200.00
6612 State-FL	100.50
<b>Total 6600 Taxes &amp; Licenses</b>	<b>750.50</b>
6700 Travel	
6710 Airfare	1,864.54
6720 Lodging	309.95
6730 Meals	149.26
6740 Transportation	430.40
<b>Total 6700 Travel</b>	<b>2,754.15</b>
<b>Total Expenses</b>	<b>\$437,030.13</b>
<b>NET OPERATING INCOME</b>	<b>\$27,644.59</b>
<b>NET INCOME</b>	<b>\$27,644.59</b>

# Alset Auto Development LLC

## Balance Sheet

As of June 30, 2025

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
1015 First Citizens Operating 1837	14,821.85
1020 First Citizens Supplies 1845	3,649.04
1022 First Citizens Wire Acct 2982	100.64
1025 First Citizens Affiliates 3382	394.14
<b>Total Bank Accounts</b>	<b>\$18,965.67</b>
Other Current Assets	
1420 Inventory	9,273.97
1430 Due from Employee	156.25
<b>Total Other Current Assets</b>	<b>\$9,430.22</b>
<b>Total Current Assets</b>	<b>\$28,395.89</b>
Fixed Assets	
1600 Website Development	6,750.00
<b>Total Fixed Assets</b>	<b>\$6,750.00</b>
Other Assets	
1415 Accumulated Amortization	-3,487.00
<b>Total Other Assets</b>	<b>\$ -3,487.00</b>
<b>TOTAL ASSETS</b>	<b>\$31,658.89</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
2020 Payroll Liabilities	
2026 OR Employment Taxes	0.04
2034 OR Transit Taxes	-0.01
2036 ORESAV	-156.25
<b>Total 2020 Payroll Liabilities</b>	<b>-156.22</b>
2040 Due to Alset LLC	104,777.91
<b>Total Other Current Liabilities</b>	<b>\$104,621.69</b>
<b>Total Current Liabilities</b>	<b>\$104,621.69</b>
<b>Total Liabilities</b>	<b>\$104,621.69</b>
Equity	
3300 Partner's Equity	
3310 Marcus Brown	-40,242.95
3320 Philip Bunting	-60,364.44
<b>Total 3300 Partner's Equity</b>	<b>-100,607.39</b>
3800 Retained Earnings	0.00
Net Income	27,644.59
<b>Total Equity</b>	<b>\$ -72,962.80</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$31,658.89</b>