

OM HOLDINGS INTERNATIONAL, INC.
(formerly Portage Resources, Inc.)
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2nd Floor, Nurses House, PC 43, Churchgate Street,
(formerly Afribank Street) Victoria Island, Lagos State.

14, Osuntokun Street, Off Ayandipo Road,
New Bodija, Ibadan, Oyo State.

10333 Harwin Dr Suite #677, Houston TX 77036, USA.

0803 333 8600, 0809 833 8600.

E-mail: olayinka_oyebola@hotmail.com

yinka@olayinkaoyebolaandco.com

www.olayinkaoyebolaandco.com



OLAYINKA OYEBOLA & Co.
Chartered Accountants

Report of Independent Registered Public Accounting Firm
To the shareholders and the board of directors of OM Holdings International, Inc.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of **OM Holdings International Inc** (the "Company") as of August 31, 2020 and 2019, the related statements of operations, changes in shareholders' equity and cash flows, for each of the two years in the period ended August 31, 2020, and the related notes collectively referred to as the "financial statements". In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2020 and 2019, and the results of its operations and its cash flows for each of the two years in the period ended August 31, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters


Critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

Acquisition of the subsidiary K Marks foods is a critical audit matter due to the complexity of the accounting requirement for consolidation and the need to convert from IFRS to US GAAP for the purpose of presenting a consolidated report in compliance with the US GAAP. Furthermore, majority of the information in OM Holdings financials are extracted from K Marks foods Report as OM Holdings do not currently have business operations.

How the matter was addressed during the audit

Our procedures include the followings

- Obtained an understanding of K Marks Foods IFRS reporting process and policies, tested the design and the operating effectiveness of the relevant controls.
- We initiated communications with the component auditors (Trinity BVI LTD) to assess the quality of audit work done.
- We evaluated the adequacy of the judgement and assumptions made by the Directors in determining the adequacy of the considerations for the acquisition of the subsidiary.
- We interviewed and assess the level of knowledge of the Accountant that did IFRS to US GAAP conversion and preparation of OM Holdings financial statement.


OLAYINKA OYEBOLA & CO.
(Chartered Accountants)

We have served as the Company's auditor since August 2020.

February 23rd, 2021.

Lagos Nigeria



OM HOLDINGS INTERNATIONAL, INC.
(formerly Portage Resources, Inc.)
CONSOLIDATED BALANCE SHEETS

	August 31, 2020	August 31, 2019
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 1,188,529	\$ 687,792
Accounts receivable	1,590,050	1,005,562
Employee Advances	33,254	30,449
Other receivable	28,000	-
Other asset	622,620	-
Inventory	2,100,032	1,947,349
Total Current Assets	5,562,485	3,671,152
Property and equipment, net	3,408,832	2,916,547
Deposits	40,946	40,946
Right of use asset	23,231,460	23,295,836
Note receivable	10,953,854	8,391,096
Total Assets	43,197,577	38,315,577
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 3,527,935	\$ 3,179,261
Accruals	-	151,223
Lease liability – short term	718,629	680,741
Note payable	119,889	-
Total Current Liabilities	4,366,453	4,011,225
Lease liability – long term	23,178,634	22,910,674
Note payable – net of current portion	2,410,286	-
Total Liabilities	29,955,373	26,921,899
Shareholders' Equity:		
Preferred Stock, \$0.0001 par value, 4,000,000 shares authorized, no shares issued and outstanding.	-	-
Series A Preferred Stock, \$0.0001 par value, 1,000,000 shares authorized 1,000,000 and 0 shares issued and outstanding, respectively	100	-
Series B Preferred Stock, \$0.0001 par value, 5,000,000 shares authorized no shares issued and outstanding	-	-
Common stock, \$0.0001 par value, 5,000,000,000 shares authorized, 44,400,596 shares issued and outstanding	4,440	4,440
Additional paid in capital	6,286,727	5,993,342
Retained earnings	6,950,937	5,395,896
Total Owners' Equity	13,242,204	11,393,678
Total Liabilities and Owners' Equity	\$ 43,197,577	\$ 38,315,577

The accompanying notes are an integral part of these consolidated financial statements.

OM HOLDINGS INTERNATIONAL, INC.
(formerly Portage Resources, Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Years Ended August 31,	
	2020	2019
Revenue	\$ 28,191,175	\$ 27,148,435
Cost of revenue	19,648,878	19,493,595
Gross Margin	8,542,297	7,654,840
Operating Expenses:		
Professional fees	162,521	194,360
Payroll expense	2,152,761	2,122,485
Director fees	607,786	649,323
Lease expense	1,795,944	1,628,267
General and administrative expense	2,262,434	2,508,494
Total operating expenses	6,981,446	7,102,929
Income from operations	1,560,851	551,911
Other income (expense):		
Other income	48,000	48,850
Interest expense	(53,810)	(3,000)
Total other expense (income)	(5,810)	45,850
Net Income	\$ 1,555,041	\$ 597,761
Income per share	\$ 0.04	\$ 0.01
Weighted average shares outstanding	44,400,596	44,383,820

The accompanying notes are an integral part of these consolidated financial statements.

OM HOLDINGS INTERNATIONAL, INC.
(formerly Portage Resources, Inc.)
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
August 31, 2020

	<u>Series A Preferred Stock</u>		<u>Common Stock</u>		Additional Paid in Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, August 31, 2018	-	\$ -	377,775	\$ 38	\$ 5,686,902	\$ 4,798,135	\$ 10,485,075
Common stock issued	-	-	22,821	2	310,840	-	310,842
Reverse acquisition	-	-	44,000,000	4,400	(4,400)	-	-
Net Income	-	-	-	-	-	597,761	597,761
Balance, August 31, 2019			44,400,596	4,440	5,993,342	5,395,896	11,393,678
Preferred stock issued for expense reimbursement	1,000,000	100	-	-	34,214	-	34,314
Transfer of liabilities	-	-	-	-	259,171	-	259,171
Net Income	-	-	-	-	-	1,555,041	1,555,041
Balance, August 31, 2020	<u>1,000,000</u>	<u>\$ 100</u>	<u>44,400,596</u>	<u>\$ 4,440</u>	<u>\$ 6,286,727</u>	<u>\$ 6,950,937</u>	<u>\$ 13,242,204</u>

The accompanying notes are an integral part of these consolidated financial statements.

OM HOLDINGS INTERNATIONAL, INC.
(formerly Portage Resources, Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the Years Ended August 31,	
	2020	2019
Cash Flows from Operating Activities:		
Net Income	\$ 1,555,041	\$ 597,761
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	372,471	306,012
Preferred stock issued for expenses	34,314	-
Common stock expense	-	310,842
Operating lease expense	370,224	295,577
Changes in operating assets and liabilities:		
Accounts receivable	(584,488)	(127,819)
Employee advances	(2,805)	(30,449)
Other asset	(28,000)	-
Inventory	(152,683)	(133,936)
Due from directors	(394,971)	(873,883)
Accounts payable and accruals	496,367	(121,435)
Net cash provided by operations	<u>1,665,470</u>	<u>222,670</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(864,756)	(1,518,646)
Due from related companies	(2,167,787)	(338,225)
Funds placed in escrow	(622,620)	-
Net cash used in investing activities	<u>(3,655,163)</u>	<u>(1,856,871)</u>
Cash Flows from Financing Activities:		
Proceeds from loan payable	2,500,000	-
Payment on loan payable	(9,570)	-
Net cash provided by financing activities	<u>2,490,430</u>	<u>-</u>
Net increase (decrease) in cash	500,737	(1,634,201)
Cash at Beginning of Year	<u>687,792</u>	<u>2,321,993</u>
Cash at End of Year	<u>\$ 1,188,529</u>	<u>\$ 687,792</u>
Supplemental Disclosure of non-cash activity:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

OM HOLDINGS INTERNATIONAL, INC.
(formerly Portage Resources, Inc.)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020

NOTE 1 - ORGANIZATION AND BASIS OF PRESENTATION

OM Holdings International, Inc. (formerly Portage Resources Inc.) (the “Company”) was incorporated under the laws of the State of Nevada on July 20, 2006.

On June 24, 2020, Mark Vanterpool purchased 1 billion shares of common stock of the Company representing the control block of the Company. Mr. Vanterpool was appointed Director and CEO of the Company.

On August 31, 2020, the Company entered into a Share Exchange Agreement with K-Mark’s Foods (1996) Limited (“KMF”), a British Virgin Islands corporation. Pursuant to the terms of the agreement 100% ownership in KMF will be exchanged for 44,000,000 shares of common stock of the Company. The transaction has been accounted for as a “reverse acquisition” and recapitalization, with KMF being the accounting acquirer. A reverse merger transaction with a public company is considered and accounted for as a capital transaction in substance; it is equivalent to the issuance of the Company’s common stock for the net monetary assets and liabilities of KMF, accompanied by a recapitalization. Accordingly, the accounting does not contemplate the recognition of unrecorded assets of the accounting acquiree, such as goodwill. Consolidated financial statements presented herein reflect the consolidated financial assets and liabilities of the Company at their historical costs, giving effect to the recapitalization, as if it had been KMF during the periods presented.

K-Mark was incorporated in the British Virgin Islands (“BVI”) under the Companies Act, Cap 285, on February 7, 1996 and was determined to be re-registered as a BVI Business Company under the BVI Business Companies Act of, 2004. The principal activities of the Company are the wholesaling and retaining of foods and household merchandise.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company’s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of Credit Risk

We maintain our cash in bank deposit accounts, the balances of which at times may exceed federally insured limits. We continually monitor our banking relationships and consequently have not experienced any losses in our accounts. We believe we are not exposed to any significant credit risk on cash.

Cash equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. There were no cash equivalents for the years ended August 31, 2020 or 2019.

Inventories

Inventories are valued at the lower of cost or net realizable value. In general cost is determined by applying either the first in first out (FIFO) or percentages mark-up to the selling price valuations for the inventory item. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. Allowances is made for obsolete, slow moving and defective inventories. All of the Company’s inventories consists of merchandise held for sale.

Net income (loss) per common share

Net income (loss) per common share is computed pursuant to section 260-10-45 of the FASB Accounting Standards Codification. Basic net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per common share is computed by dividing net income (loss) by the weighted average number of shares of common stock and potentially outstanding shares of common stock during the period. The weighted average number of common shares outstanding and potentially outstanding common shares assumes that the Company incorporated as of the beginning of the first period presented. There are no potentially dilutive shares of common stock.

Revenue recognition

Revenue is recognized when a customer obtains control of promised goods or services and is recognized in an amount that reflects the consideration that an entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amount of revenue that is recorded reflects the consideration that the Company expects to receive in exchange for those goods. The Company applies the following five-step model in order to determine this amount: (i) identification of the promised goods in the contract; (ii) determination of whether the promised goods are performance obligations, including whether they are distinct in the context of the contract; (iii) measurement of the transaction price, including the constraint on variable consideration; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Company satisfies each performance obligation.

Accounts receivable

Accounts receivable, which generally have thirty-day terms are recognized and carried at original invoice amount, less an allowance for uncollectible amounts, if applicable.

The Company maintains an allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by management based on collection experience and other factors affecting the accounts such as customer relationship and market factors.

Taxes

Under current legislation in the British Virgin Islands effective January 1, 2005, the Company is subject to a 14% payroll tax on the gross remunerations of each of its employees over \$10,000 per year of which up to 8% is deductible from the employee under the Payroll Taxes Act of 2004. By the introduction of the Payroll Taxes Act, the rate of income tax for individuals and business was reduced to zero.

Fair Value Measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritize the inputs used to measure fair value into three levels and bases the categorization with the hierarchy upon the lowest level of input that is available and significant to the fair value measurement.

The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Inputs, other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs that are both significant to the fair value measurement and unobservable.

The Company's cash and cash equivalents and short-term investments are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices. The carrying amounts of accounts payable, advances payable and short-term loans approximate their fair value due to short term maturities.

Recently issued accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2018 and interim periods in fiscal years beginning after December 15, 2018, with early adoption permitted. The Company has adopted this accounting standard update.

On June 20, 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-07, *Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*. ASU 2018-07 is intended to reduce cost and complexity and to improve financial reporting for share-based payments to nonemployees (for example, service providers, external legal counsel, suppliers, etc.). Under the new standard, companies will no longer be required to value non-employee awards differently from employee awards. Meaning that companies will value all equity classified awards at their grant-date under ASC 718 and forgo revaluing the award after this date. The guidance is effective for interim and annual periods beginning after December 15, 2018.

In November 2019, the FASB issued ASU 2019-10, *Financial Instruments—Credit Losses (Topic 326), Derivative and Hedging (Topic 815, and Leases (Topic 841)*. This new guidance will be effective for annual reporting periods beginning after December 15, 2019, including interim periods within those annual reporting periods. While the Company is continuing to assess the potential impacts of ASU 2019-10, it does not expect ASU 2019-10 to have a material effect on its financial statements.

The Company has implemented all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 3 – OTHER ASSET

On June 3, 2020, the Company entered into a Stock Purchase and Consulting Services Escrow Agreement with Capital Hill Management Inc ('CHM') and a Trust Attorney. Per the terms of the agreement CHM will sell the Company its control block of a public company for \$575,000 to be deposited with the Trust Attorney along with other applicable fees. As of August 31, 2020, the balance in this account is \$622,620.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment are first recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the various classes of assets.

Long lived assets, including property and equipment, to be held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows of the related assets are less than their carrying values. Measurement of an impairment loss is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Maintenance and repair expenses, as incurred, are charged to expense. Betterments and renewals are capitalized in plant and equipment accounts. Cost and accumulated depreciation applicable to items replaced or retired are eliminated from the related accounts with any gain or loss on the disposition included as income.

Property and equipment stated at cost, less accumulated depreciation consisted of the following:

	August 31, 2020	August 31, 2019
Furniture and Equipment	\$ 2,542,016	\$ 2,066,989
Automobiles	530,689	511,344
Leasehold Improvements	2,057,415	1,687,031
Less: accumulated depreciation	(1,721,288)	(1,348,817)
Property and equipment, net	<u>\$ 3,408,832</u>	<u>\$ 2,916,547</u>

Depreciation expense

Depreciation expense for the years ended August 31, 2020 and 2019 was \$372,471 and \$306,012, respectively.

During the year ended August 31, 2019, the Company disposed of \$1,978,696 of equipment and \$124,210 of motor vehicles. All assets were fully depreciated so no gain or loss was recognized.

NOTE 5 – NOTE RECEIVABLE

On August 31, 2020, the Company entered into an agreement for the sale of its receivables owed to Kmark Foods from its directors and other related parties. Per the terms of the agreement \$10,953,854 of receivables are being transferred to ESG Wealth Management, LLC (“ESG”). The new receivable will have a ten year term and a 2% semi-annual interest payment due. As consideration for assuming the debt obligation Mark Vanterpool will transfer 7,502,639 shares of common stock to ESG.

NOTE 6 – OPERATING LEASES

The Company currently has nine operating lease agreements for supermarket, office and parking space.

<u>Asset</u>	Balance Sheet Classification	August 31, 2020	August 31, 2019
Operating lease assets	Right of use assets	\$ 23,231,460	23,295,836
Total lease assets		<u>\$ 23,231,460</u>	<u>23,295,836</u>
<u>Liability</u>			
Operating lease liability – current portion	Current operating lease liability	\$ 718,629	680,741
Operating lease liability – noncurrent portion	Long-term operating lease liability	23,178,634	22,910,674
Total lease liability		<u>\$ 23,897,263</u>	<u>23,591,415</u>

Lease obligations at August 31, 2020 consisted of the following:

For the year ended August 31:	
2021	\$ 1,725,720
2022	1,706,520
2023	1,706,520
2024	1,706,520
2025	1,706,520
Thereafter	25,433,672
Total payments	\$ 33,985,472
Amount representing interest	\$ (10,088,209)
Lease obligation, net	23,897,263
Less current portion	(718,629)
Lease obligation – long term	<u>\$ 23,178,634</u>

The lease expense for the year ended August 31, 2019 was \$1,628,267, which consisted of amortization expense of \$934,355 and interest expense of \$693,912.

The lease expense for the year ended August 31, 2020 was \$1,795,944, which consisted of amortization expense of \$1,067,641 and interest expense of \$728,303.

The cash paid under this operating lease during the years ended August 31, 2020 and 2019 was \$40,923. At August 31, 2020, the weighted average remaining lease term is 21 years and the weighted average monthly discount rate is .25%.

NOTE 7 – NOTE PAYABLE

On December 19, 2019, the Company received a \$2,500,000 Demand Instalment Loan from First Caribbean International Bank. The loan incurs interest at the US prime rate minus 0.25% per annum. The loan requires sixty monthly payments of principal and interest of \$19,124.83. Due to the pandemic the bank granted the Company a moratorium on the loan. The Company made on payment of principal of \$9,570 and accrued an additional \$39,745 of interest related to the granting of the moratorium.

The following sets forth the loan payments for the years ended August 31:

2021 (six months)	\$ 114,479
2022	\$ 229,498
2023	\$ 229,498
2024	\$ 229,498
2025	\$ 229,498
Thereafter	\$ 2,409,729
Total	<u>\$ 3,442,200</u>

NOTE 8 – RELATED PARTY TRANSACTIONS

The Company, in the regular conduct of business, has entered into transaction with related parties in the form of cash or expenses paid on behalf of the related party. All advances are unsecured, due on demand and non-interest bearing.

Related Party	August 31, 2018	Activity	August 31, 2019	Activity	August 31, 2020
Beacon Reality (BVI) Ltd	\$ 4,696	\$ 21,572	\$ 26,268	\$ (24,134)	\$ 2,134
Columbus Centre Development Ltd	28,650	-	28,650	-	28,650
DMV Enterprises Ltd	671,848	35,000	706,848	8,400	715,248
KM Equity Holdings Ltd	650	-	650	-	650
KM Investment Holdings Ltd	431,031	15,068	446,099	9,253	455,352
LTL Cargo (BVI) Ltd	228,920	69,586	298,506	42,297	340,803
Maju Enterprises (BVI) Ltd	524,535	192,500	717,035	121,533	838,568
Marcy Ltd	448,203	4,500	452,703	98,000	550,703
Mark Vanterpool, CEO	-	-	-	26,786	26,786
Coconut Tree Villas Limited	-	-	-	10,000	10,000
Shoreside Development BVI Ltd	-	-	-	1,743,674	1,743,674
Shoreside East Development	-	-	-	82,953	82,953
Lambert Development Holdings Ltd	-	-	-	49,025	49,025
	<u>\$ 2,338,533</u>	<u>\$ 338,226</u>	<u>\$ 2,676,759</u>	<u>\$ 2,167,787</u>	<u>\$ 4,844,546</u>

Amounts due from Directors are unsecured, non-interest bearing and due on demand. As of August 31, 2020, and 2019, total amounts due from directors is \$6,109,308 and \$5,714,337.

On July 9, 2020, the Company issued 1,000,000 shares of Series A preferred stock to OM Prime Holdings, Ltd for reimbursement of \$34,314 of expense incurred to assist in bringing the Company current. OM Prime Holdings, Ltd, is owned by Mark Vanterpool, CEO.

On July 16, 2020, the Company created Portgage Resources, Inc, a Colorado corporation (“Portgage”) and transferred \$259,171 of debt from the Nevada corporation to Portgage. On July 16, 2020, the Company sold Portgage to an unrelated third party for a nominal amount.

NOTE 9 – COMMON STOCK

During the fiscal year ended August 31, 2019, the Company issued 22,821 shares of common stock for total non-cash expense of \$310,842.

Refer to Note 1 for shares issued in conjunction with reverse merger.

NOTE 10 – PREFERRED STOCK

On July 9, 2020, the Company authorized 10,000,000 shares of preferred stock, par value \$0.0001.

1,000,000 shares of preferred stock are designated Series A Preferred. The holder of Series A are not entitled to receive dividends nor do they have any liquidation rights. The Series A preferred stock is not convertible into common stock. The holders of Series A are entitled to 1,000,000 votes per every share of Series A held.

Refer to Note 7 for related party transaction.

5,000,000 shares of preferred stock are designated Series B Preferred. The holder of Series B are not entitled to receive dividends nor do they have any liquidation rights or voting rights. One share of Series B is convertible into 1,000 shares of common stock.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events pursuant to the requirements of ASC Topic 855, from the balance sheet date through the date the financial statement were available to be issued and has determined that there are no material subsequent events that require disclosure in these financial statements other than the following.

On December 14, 2020, the Company effectuated a 1 for 5,000 reverse stock split. All shares throughout these financial statements have been retroactively adjusted to reflect the reverse. At the same time the Company changed its name to OM Holdings International, Inc. and its stock symbol to OMHI.

Subsequent to August 31, 2020, the Company issued 1,800,000 to Capital Hill Management, Inc. for services.



22nd February 2021

Managing Director,
OM Holdings International Inc
1221 Brickell Avenue, Suite 900
Miami, FL 33131
United States of America

Management Letter on the Audited Financial Statements for the Year Ended
31 August 2019 and 2020

Having completed the audit of your company's financial statements for the year ended 31st August 2019 and 2020, we wish to state below weaknesses that were noted during the audit, our comments, and recommendations thereon:

1. We observed that the company did not have a structured accounting system, and an inhouse accountant to ensure proper bookkeeping of the financial transaction.

Implication:

- There is possibility of inaccurate accounting recording
- It may lead to inconsistency in the treatment of transactions
- Independent consultant might not have better understanding of the financial transaction as he/she is not involved in the day-to-day business activity of the company.

Recommendation

We recommend that an inhouse accountant be employed.

2. We observed that there was no segregation of duties as Mark Vanterpool initiated transactions and completed it.

Implication:

- a. There was no independent oversight over transactions

Recommendation:

- We recommend that the company should hire additional staff to facilitate segregation of duties

3. We observed that the parent company did not have a corporate bank account opened on its name.

Implication:

Business activity cannot be viewed at a glance

Payments for transactions cannot be traced to the company bank account.

Loss of track of transaction.

Recommendation:

- We recommend that corporate bank account be opened for the company and all transaction must pass through.

4. We also observed that the company acquired a subsidiary located outside of the US, also all the subsidiary assets are located outside of the United States, and the reporting framework used in the jurisdiction is different from the US.

Also, the consideration for the acquisition did not reflect in the subsidiary book before the year accounting book was closed.

Implication:

Difficulty in understanding the business environment, culture, and industry knowledge of the subsidiary business

Difficulty in conversion from IFRS to US GAAP for preparation of consolidated report

Recommendation:

We recommend that an inhouse CPA Accountant should be employed to oversee the subsidiary business process and reporting

CONCLUSION

We wish to state that the observations stated are not exhaustive as our audit of the Company's records was necessarily limited by consideration of cost and time.

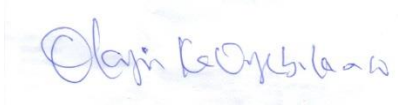
We express our profound appreciation to the management and staff of your company for the support and cooperation accorded us in the course of our audit.

Please do not hesitate to contact us on any area that might require further clarification or explanation on matters raised above and the Audited Accounts.

Please be assured of our seasoned and best professional services always.

Yours faithfully,

For: OLAYINKA OYEBOLA & CO.

A handwritten signature in blue ink, appearing to read 'Olajin Oyebole', is written over a light blue rectangular background.

Yinka Oyebola FCA, FCIT

Managing Partner/CEO