

**Disclosure Statement Pursuant to the Pink Basic Disclosure
Guidelines**

CARDXX, INC.

50 West Liberty, Suite 880
Reno, NV 89501

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3900098@gmail.com

SIC Code: 3679

**Quarterly Report
For the Period Ending: 12/31/2020
(the "Reporting Period")**

As of 12/31/2020, the number of shares outstanding of our Common Stock was: 63,464,319

As of 09/30/2020, the number of shares outstanding of our Common Stock was: 63,464,319

As of 06/30/2020, the number of shares outstanding of our Common Stock was: 63,464,319

Indicate by check mark whether the Company is a shell Company (as defined in Rule 405 of the Securities Act of 1933 and Rule 12b-2 of the Exchange Act of 1934): Yes: ☒ No: ☐

Indicate by check mark whether the Company's shell status has changed since the previous reporting period: Yes: ☐ No: ☒

Indicate by check mark whether a Change in Control¹ of the Company has occurred over this reporting period: Yes: ☐ No: ☒

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.



08/12/1996 Incorporated in Colorado as Cardxx, LLC

09/11/1998 Acquired by International Interchange Corporation, a Nevada corporation in a reverse merger. Name changed to Cardxx, Inc. on September 14, 1998.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Date of incorporation: September 11, 1998

State of incorporation: Nevada

Standing: Active/Good Standing

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:
None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:
None

The address(es) of the issuer's principal executive office:

50 West Liberty, Suite 880
Reno, Nv 89501

The address(es) of the issuer's principal place of business:

Check box if principal executive office and principal place of business are the same address: ☒

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

Yes: ☐ No: ☒

If this issuer or any of its predecessors have been the subject of such proceedings, please provide additional details in the space below:

N/A

2) Security Information

Trading symbol:	CXCQ
Exact title and class of securities outstanding:	Common Stock
CUSIP:	141618108
Par or stated value:	\$0.001

Total shares authorized:	75,000,000 as of 12/31/2020 :
Total shares outstanding:	63,464,319 as of date: 12/31/2020
Number of shares in the Public Float ² :	11,535,681 as of date: 12/31/2020
Total number of shareholders of record:	158 as of date: 12/31/2020

² "Public Float" shall mean the total number of unrestricted shares not held directly or indirectly by an officer, director, any person who is the beneficial owner of more than 10 percent of the total shares outstanding (a "control person"), or any affiliates thereof, or any immediate family members of officers, directors and control persons.

All additional class(es) of publicly traded securities (if any):

Trading symbol: N/A
 Exact title and class of securities outstanding: N/A
 CUSIP: N/A
 Par or stated value: N/A
 Total shares authorized: N/A
 Total shares outstanding: N/A

Transfer Agent

Name: Equiniti
 Phone: 612.209.9006
 Email: info@equiniti.com
 Address: PO Box 855857, Minneapolis, MN 55485

Is the Transfer Agent registered under the Exchange Act?³ Yes: ☒ No: ☐

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any direct changes to the total shares outstanding of any class of the issuer's securities in the past two completed fiscal years and any subsequent interim period.

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Check this box to indicate there were no changes to the number of outstanding shares within the past two completed fiscal years and any subsequent periods: ☐

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance Date 06/30/2018 Common: 26,630,145									
Date of Transaction	Transaction type (e.g. new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to (entities must have individual with voting / investment control disclosed).	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
June 10, 2019	New Issuance	48,518,902	Common Stock	0.001 per share	No	Custodian Ventures LLC	For debt conversion	Restricted shares	Exemption
Jun 10, 2019	Cancellation	149,047	Common Stock				Escheatme nt	Unrestricted	

³ To be included in the Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

Shares Outstanding on Date of This Report: Ending Balance: Date 12/31/2020 Common: 63,464,319									

Use the space below to provide any additional details, including footnotes to the table above:

B. Debt Securities, Including Promissory and Convertible Notes

Use the chart and additional space below to list and describe all outstanding promissory notes, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer's equity securities.

Check this box if there are no outstanding promissory, convertible notes or debt arrangements: ☒

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder (entities must have individual with voting / investment control disclosed).	Reason for Issuance (e.g. Loan, Services, etc.)

4) Financial Statements


A. The following financial statements were prepared in accordance with:

☒ U.S. GAAP

☐ IFRS

B. The financial statements for this reporting period were prepared by (name of individual)⁴:

Name: Jungang Lin
Title: CFO
Relationship to Issuer: Officer/Director

 ts described below for the most recent fiscal year or quarter. For the initial (g for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

C. Balance sheet.

⁴ The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS by persons with sufficient financial skills.

- D. Statement of income;
- E. Statement of cash flows;
- F. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- G. Financial notes; and
- H. Audit letter, if audited

You may either (i) attach/append the financial statements to this disclosure statement or (ii) file the financial statements through OTCIQ as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial statements in a separate report as described above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to OTCIQ in the field below. Financial Statements must be compiled in one document.

Financial statement information is considered current until the due date for the subsequent report (as set forth in the qualifications section above). To remain qualified for Current Information, a Company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of each fiscal quarter-end date.

5) Issuer's Business, Products and Services

The purpose of this section is to provide a clear description of the issuer's current operations. In answering this item, please include the following:

- A. Summarize the issuer's business operations (If the issuer does not have current operations, state "no operations")

No operations.

- B. Please list any subsidiaries, parents, or affiliated companies.

None.

- C. Describe the issuers' principal products or services.

None.

Additional subsequent events are:

None

6) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

The Company currently has no operations.

7) Company Insiders (Officers, Directors, and Control Persons)

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Using the tabular format below, please provide information, as of the period end date of this report, regarding any person or entity owning 5% or more of any class of the issuer's securities, as well as any officer, and any director of the Company, or any person that performs a similar function, regardless of the number of shares they own. If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.

Name of Officer/Director or Control Person	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Note
China Auto Parking Group PLC (UK)	Principle is an Officer, CFO/Director	Dept 1158, 196 High Road, Wood Green, London, United Kingdom, N22 8HH	48,369,855	Common	64.49%	

8) Legal/Disciplinary History

A. Please identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None
2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None
3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None
4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

None

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

9) Third Party Providers

Please provide the name, address, telephone number and email address of each of the following outside providers:

Securities Counsel

Name: John L. Thomas, Esquire
Firm:
Address 1: 18 Beth Drive
Address 2: Moorestown, NJ 08057
Phone: 609-332-1791
Email: johnlthomas2@outlook.com

Accountant or Auditor

Firm: Beckles & Co
Address: 1930 Harrison Street, Suite 501
Hollywood, FL 33020
Phone: 954-251-2005
Email: mbeckles@becklescpa.com

Investor Relations

None

Other Service Providers

Provide the name of any other service provider(s) that assisted, advised, prepared or provided information with respect to this disclosure statement. This includes counsel, broker-dealer(s), advisor(s) or consultant(s) or provided assistance or services to the issuer during the reporting period.

None

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Wan Jia Lin, certify that:

1. I have reviewed this Annual Disclosure Statement of Cardxx, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Jan 12, 2023

/s/ Wan Jia Lin, CEO

Principal Financial Officer:

I, Jungang Lin certify that:

1. I have reviewed this Annual Disclosure Statement of Cardxx, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

Jan 12, 2023

/s/ Jungang Lin CFO

**CARDXX, INC.
BALANCE SHEETS
(Unaudited)**

	Dec 31, 2020	Sep 30, 2020
	<hr/>	<hr/>
ASSETS		
CURRENT ASSETS:		
Cash	-	-
Note Re, net	0	0
	<hr/>	<hr/>
TOTAL ASSETS	0	0
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Loan payable – related party		
Other current liabilities	20,942	18,093
	<hr/>	<hr/>
Total current liabilities	20,942	18,093
Commitments and Contingencies		
STOCKHOLDERS' EQUITY		
Common stock	63,464	63,464
Additional paid in capital	3,493,000	3,493,000
Accumulated Deficit	-3,577,406	-3,574,557
	<hr/>	<hr/>
Total stockholders' Equities	-20,942	-18,093
	<hr/>	<hr/>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITIES	\$ 0	\$ 0
	<hr/>	<hr/>

CARDXX, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	For The Quarters Ended	
	Dec 31, 2020	Sep 30, 2020
OPERATING EXPENSES:		
Registration fees	0	0
Legal fees	2,210	6,000
Accounting fees		
Transfer Agent fees	693	1,000
Total operating expenses	<u>2,849</u>	<u>7,000</u>
LOSS BEFORE OTHER INCOME	<u>-2,849</u>	<u>-7,000</u>
OTHER INCOME (EXPENSE)		
Gain on discontinued operations		
Total other income (expense)	<u>-2,849</u>	<u>-7,000</u>
NET PROFIT (LOSS)	<u><u>-2,849</u></u>	<u><u>-7,000</u></u>

CARDXX, INC.
STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE PERIOD DECEMBER 31, 2020 AND SEPTEMBER 30, 2020
(Unaudited)

	Common Stock: Shares	Common Stock Amount	Preferred Stock: (A) Shares	Preferred Stock: Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Totals
Balance – Jun 30, 2020	63,464,319	63,464	-	-	3,493,000	\$ -3,567,557	-	0
Net loss	-	-	-	-	-	-7,000	-	-7,000
Balance – Sep 30, 2020	63,464,319	63,464	-	-	3,493,000	\$ -3,574,557	-	0
Balance – Sep 30, 2020	63,464,319	63,464	-	-	3,493,000	\$ -3,574,557	-	0
Net loss	-	-	-	-	-	-2,849	-	-2,849
Balance – Dec 31, 2020	63,464,319	63,464	-	-	3,493,000	\$ -3,577,406	-	0

CARDXX, INC.
STATEMENTS OF CASH FLOWS
FOR THE REPORTING PERIOD
(Unaudited)

	For the Period Ended,	
	Dec 31, 2020	Sep 30, 2020
OPERATING ACTIVITIES:		
Net Profit (loss)	\$ -2,849	\$ -7,000
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Shares issued to related party	-	-
Changes in assets and liabilities		
Accounts payable and accrued expenses	-	-
NET CASH USED IN OPERATING ACTIVITIES	-2,849	-7,000
Purchase of Property, Equipment and Intangibles	-	-
Loan to related party	-	-
NET CASH USED IN INVESTING ACTIVITIES	-	-
Proceeds from related party		
Payments on related party debt	-	-
NET CASH USED IN FINANCING ACTIVITIES	-	-
FOREIGN CURRENCY TRANSLATION	-	-
NET (DECREASE) INCREASE IN CASH	-	-
CASH – BEGINNING OF PERIOD	-	-
CASH – END OF PERIOD	\$ -	\$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Non cash investing and financing activities:		
Loan to related party	-	-
Payment on related party debt		

The accompanying notes are an integral part of these financial statements-

**NOTES TO UNAUDITED FINANCIAL STATEMENTS
FOR YEARS ENDED DECEMBER 31, 2020**

[1] NATURE OF OPERATIONS

CARDXX, LLC was formed on August 12, 1996, under the laws of the State of Colorado, however, operations commenced in April 1997. On September 11, 1998, an agreement and plan of reorganization was made between CARDXX, LLC and International Interchange Corporation, ["IIC"] a Nevada corporation whereby IIC acquired all the assets and assumed all the liabilities of CARDXX, LLC in exchange for a total of 4,715,234 shares of common stock of IIC, including 2,076,630 shares issued on stockholders' debt conversion [See Note 4C]. For accounting purposes, this was treated as a reverse acquisition with CARDXX, LLC as the acquirer. Pursuant to the reorganization, CARDXX, LLC changed its name to CARDXX, Inc. [the "Company"] on September 14, 1998. The Company's principal business activity has been the designing, manufacturing, and distributing of smart cards using a state-of-the-art proprietary production process known as the Reaction Assisted Molded Process ["RAMP"]. The use of smart cards in the United States has only recently begun. The Company anticipates international sales will account for a significant portion of revenues in the future.

The Company is in the development stage, as defined in Financial Accounting Standards Board Statement No. 7, "Accounting and Reporting for Development Stage Companies."

To date, the Company has generated minimal sales and devoted its efforts primarily to developing its product, developing its business strategy, and raising working capital through equity and debt financing.

On Jun 10, 2019 the Company issued 48,369,855 shares of common stock at 0.001 each as conversion of debt in the amount of \$48,369.00 to new shareholder Custodian Venture LLC, on Jun 18, 2019 China Auto Parking Group PLC, a company registered in the United Kingdom acquired the 48,369,855 shares from Custodian Venture LLC.

[2] SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, the 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.

CASH AND CASH EQUIVALENTS - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company has no such investments at December 31, 2020.

The Company does not require collateral on other security to support financial instruments subject to credit risk.

PROPERTY AND EQUIPMENT - Property and equipment, which consists of office equipment and leasehold improvements are recorded at cost. Depreciation and amortization are provided by the use of the straight-line method over the estimated useful lives of the assets of approximately five years.

Depreciation and amortization expense amounted to approximately \$-0- for the years ended December 31, 2020.

INTANGIBLE ASSETS - The Company's intangible assets consist of patents. The patents are being amortized on a straight-line basis over their legal life, which is seventeen years. As of December 31, 2020 all intangible assets have been amortized.

REVENUE RECOGNITION - Revenues from the sale of smart cards and related equipment are recognized when delivered.

NET [LOSS] PER SHARE -The FASB issued SFAS No. 128, "Earnings Per Share," in February 1997. SFAS No. 128 simplifies the earnings per share ["EPS"] calculations required by Accounting Principles Board ["APB"] Opinion No. 15, and related interpretations, by replacing the presentation of primary EPS with a presentation of basic EPS. SFAS No. 128 requires a dual presentation of basic and diluted EPS by entities with complex capital structures. The Company is required to present only basic EPS. Basic EPS includes no dilution and is computed by dividing income available to common stockholders by the weighted-average number of common shares

outstanding for the period. SFAS No. 128 is effective for financial statements issued for periods ending after December 15, 1997, earlier application is not permitted. The Company has adopted SFAS No. 128, prior period EPS data has been restated. The Company has potentially dilutive securities that were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive for the periods presented. Such securities may dilute EPS in future years.

STOCK ISSUED TO EMPLOYEES - The Company adopted Statement of Financial Accounting Standards ["SFAS"] No. 123, "Accounting for Stock-Based Compensation" for financial note disclosure purposes and will continue to apply the intrinsic value method of Accounting Principles Board ["APB"] Opinion No. 25, "Accounting for Stock Issued to Employees" for financial reporting purposes.

ADVERTISING EXPENSES - The Company has no advertising costs incurred during the reporting period.

IMPAIRMENT - Certain long-term assets of the Company are reviewed when changes in circumstances require as to whether their carrying value has become impaired, according to guidance established in Statement of Financial Accounting Standards ["SFAS"] No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." Management considers assets to be impaired if the carrying value exceeds the future projected cash flows from related operations [undiscounted and without interest charges]. If impairment is deemed to exist, the assets will be written down to fair value. Management also reevaluates the periods of amortization to determine whether subsequent events and circumstances warrant revised estimates of useful lives. No impairment has incurred during the reporting period.

FAIR VALUE OF FINANCIAL INSTRUMENTS - SFAS No. 107, "Disclosure About Fair Value of Financial Instruments," requires certain disclosures regarding the fair value of financial instruments. In assessing the fair value of these financial instruments, the Company has used a variety of methods and assumptions, which were based on estimates of market conditions and risks existing at that time. For all instruments, including cash, accounts receivables, accounts payable, and accrued expenses and debt, it was estimated that the carrying amount approximated fair value for these financial instruments as of December 31, 2020.

INCOME TAXES - Prior to fiscal 1999, the Company elected to be treated as an L.L.C. [a limited liability company] for income tax purposes whereby income and losses are passed through to the members of the Company. As part of an agreement and plan of reorganization [See Note 1], the Company elected to be treated as a C Corp for income tax purposes for fiscal 1999 going forward.

Pursuant to SFAS No. 109, "Accounting for Income Taxes," income tax expense [or benefit] for the year is the sum of deferred tax expense [or benefit] and income taxes currently payable [or refundable]. Deferred tax expense [or benefit] is the change during the year in a company's deferred tax liabilities and assets. Deferred tax liabilities and assets are determined based on differences between financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. A valuation allowance is provided for deferred tax assets not expected to be realized.

[3] BANK LINE OF CREDIT AND OPERATING LEASE [RELATED PARTY]

As of December 31, 2020 the Company has no bank line of credit and operating lease.

[4] RELATED PARTY TRANSACTIONS

There is no related party transactions during the reporting period.

[5] WORKING CAPITAL

During the 2nd quarter of fiscal 2021, the Company has working capital of \$0.

[6] NEW AUTHORITATIVE ACCOUNTING PRONOUNCEMENTS

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other

contracts and for hedging activities. SFAS No. 133 requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The accounting for changes in the fair value of a derivative depends on the intended use of the derivative and how it is designated, for example, gain or losses related to changes in the fair value of a derivative not designated as a hedging instrument is recognized in earnings in the period of the change, while certain types of hedges may be initially reported as a component of other comprehensive income [outside earnings] until the consummation of the underlying transaction.

SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000. Initial application of SFAS No. 133 should be as of the beginning of a fiscal quarter; on that date, hedging relationships must be designated anew and documented pursuant to the provisions of SFAS No. 133. Earlier application of all of the provisions of SFAS No. 133 is encouraged, but it is permitted only as of the beginning of any fiscal quarter. SFAS No. 133 is not to be applied retroactively to financial statements of prior periods. The Company does not currently have any derivative instruments and is not currently engaged in any hedging activities.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position ["SOP"] 98-5, "Reporting on the Costs of Start-Up Activities." SOP 98-5 provides guidance on the financial reporting of start-up costs and organization costs, and requires that such costs to be expensed as incurred. SOP 98-5 applies to all nongovernmental entities and is generally effective for fiscal years beginning after December 15, 1998. The Company's current policy is in accordance with SOP 98-5.

The Financial Accounting Standards Board ["FASB"] has had on its agenda a project to address certain practice issues regarding Accounting Principles Board ["APB"] Opinion No. 25, "Accounting for Stock Issued to employees." The FASB plans on issuing various interpretations of APB Opinion No. 25 to address these practice issues. The proposed effective date of these interpretations would be the issuance date of the final Interpretation, which is expected to be in September 1999. If adopted, the Interpretation would be applied prospectively but would be applied to plan modification and grants that occur after December 15, 1998. The FASB's tentative interpretations are as follows:

The FASB's tentative conclusions relating to its project addressing certain practice issues regarding APB Opinion No. 25, Accounting for Stock Issued to Employees, was to limit the definition of an employee to individuals who met the common law definition of an employee. Thus, anyone who did not meet this definition, including outside members of the Board of Directors, would be excluded from the scope of APB Opinion No. 25. Accordingly, the cost of issuing stock options to outside members of the Board of Directors would have had to be determined in accordance with FASB Statement No. 123, Accounting for Stock-Based Compensation, usually resulting in an expense in the period of the grant [the service period could be prospective, however, see EITF 96-18]. At its August 11, 1999, Board meeting, however, the FASB decided to reverse its prior tentative conclusion in this regard and to continue to extend APB Opinion No. 25 accounting treatment to options granted to outside directors for their services as directors. Accordingly, as long as the stock option exercise price is equal to or greater than the fair value of the underlying stock at the measurement date [usually date of grant], no expense needs to be recorded for the issuance of stock options to outside members of the Board of Directors.

The FASB, however, is not reversing itself on requiring companies that reprice their employee "fixed" stock options to expense any subsequent increases in the value of those options [i.e., variable grant accounting].

[7] SIGNIFICANT RISKS AND UNCERTAINTIES

[A] RESEARCH COSTS - The Company incurred research costs before an end-product is up in the market.

[B] PATENTS - The Company's ability to compete effectively with other companies will depend, in part, on its ability to maintain the proprietary nature of its technology. There can be no assurance as to the degree of protection offered by any patents issued to or licensed by the Company, or as to the likelihood that pending patents will be issued.

[C] The Company anticipates that international sales will account for a significant portion of net sales in the future. International operations are subject to certain risks, including unexpected changes in regulatory requirements, exchange rates, tariffs, and other barriers, political and economic instability, difficulties in accounts receivable collection, difficulties in managing distributors or representatives, difficulties in staffing and managing foreign subsidiary operations and potentially adverse tax consequences.

[8] GOING CONCERN



The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, which contemplates continuation of the Company as a going concern and realization of assets and settlement of liabilities and commitments in the normal course of business.

The Company incurred a net loss of \$2,849 and utilized cash of \$2,849 from operations for the quarter ended December 31, 2020.

The Company's business plan targets as its main source of revenue stream the potential fees derived from its planned licensing arrangements with clients. By implementing this licensing strategy, the Company believes it will be able to earn revenues through equipment sales, up-front set-up charges, recurring usage fees and other fees earned from the access to limited card production to a select group of clients. In addition, the Company is exploring additional equity and debt financing. The continuation of the Company as a going concern is dependent upon the success of these plans.

There can be no assurances that management's plans to reduce recurring operating losses and to continue to obtain additional financing to fund operations will be successful. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, or the amounts and classification of liabilities that might be necessary in the event the Company cannot continue in existence.

[9] SUBSEQUENT EVENTS

None