

DUO WORLD INC

FORM 10-Q (Quarterly Report)

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Sector	Technology
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **June 30, 2021**

or

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION FROM _____ TO _____.

Commission File Number: **0-55698**

DUO WORLD, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other Jurisdiction of
Incorporation or Organization)

35-2517572

(I.R.S. Employer
Identification No.)

c/o Duo Software (Pvt.) Ltd.
**No. 6, Charles Terrace, Off Alfred Place
Colombo 03, Sri Lanka**

(Address of principal executive offices)

Not applicable
(Zip code)

Registrant's telephone number: (870) 505-6540

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common stock	DUUO	OTCQB
Preferred stock- A series		

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS**

Indicate by check mark whether the registrant filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: As of August 14, 2021, there were 67,754,296 outstanding shares of the Registrant's Common Stock, \$.001 par value.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Duo World, Inc. and Subsidiaries
Consolidated Financial Statements
June 30, 2021
(Unaudited)

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Duo World, Inc. and Subsidiaries
Consolidated Balance Sheets

	<u>June 30, 2021</u> <u>(Unaudited)</u>	<u>March 31, 2021</u> <u>(Audited)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,294	\$ 21,571
Accounts receivable - trade	153,606	135,872
Prepaid expenses and other current assets	24,537	24,723
Accrued revenue	3,296	1,076
Total Current Assets	191,733	183,242
Non Current Assets		
Property and equipment, net of accumulated depreciation of \$222,309 and \$220,918 respectively	7,918	8,974
Intangible assets, net	412,589	428,070
Total Non Current Assets	420,507	437,044
Total Assets	\$ 612,240	\$ 620,286
LIABILITIES and SHAREHOLDERS' DEFICIT		
Current Liabilities		
Accounts payable	\$ 552,424	\$ 541,766
Payroll, employee benefits, severance	529,303	530,394
Short term borrowings	438,134	430,993
Due to related parties	1,074,165	1,063,397
Payable for acquisition	185,762	185,762
Taxes payable	166,166	165,924
Accruals and other payables	92,597	88,380
Deferred revenue	31,946	2,898
Total Current liabilities	3,070,497	3,009,514
Long Term Liabilities		
Due to related parties	1,350,772	1,345,915
Employee benefit obligation	29,985	30,039
Long term loan	12,036	13,916
Total Long Term liabilities	1,392,793	1,389,870
Total liabilities	\$ 4,463,290	\$ 4,399,384
Commitments and contingencies (Note 17)		
Shareholders' Deficit		
Ordinary shares: \$0.001 par value per share; 400,000,000 shares authorized; 67,754,296 and 67,754,296 shares issued and outstanding, respectively	\$ 67,754	\$ 67,754
Convertible series "A" preferred shares: \$0.001 par value per share; 10,000,000 shares authorized; 5,000,000 and 5,000,000 shares issued and outstanding, respectively	5,000	5,000
Additional paid in capital	11,641,336	11,641,336
Accumulated deficit	(16,106,592)	(16,041,727)
Accumulated other comprehensive income	541,452	548,539
Total shareholders' deficit	(3,851,050)	(3,779,098)
Total Liabilities and Shareholders' Deficit	\$ 612,240	\$ 620,286

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

Duo World, Inc. and Subsidiaries
Consolidated Statements of Operations and Comprehensive Income (Loss)
For the three months ended June 30, 2021 and June 30, 2020 (Unaudited)

	For the three months ended,	
	June 30, 2021	June 30, 2020
Revenue	\$ 30,662	\$ 140,985
Cost of revenue (exclusive of depreciation presented below)	(28,174)	(45,516)
Gross Income	2,488	95,469
Operating Expenses		
General and administrative	31,774	64,723
Salaries and casual wages	7,341	20,133
Selling and distribution	112	1,289
Depreciation	311	1,245
Amortization of web site development	743	926
Allowance for bad debts	16,026	-
Employee benefit obligation	-	2,621
Total operating expenses	56,307	90,937
Loss from operations	\$ (53,820)	\$ 4,532
Other income (expenses):		
Interest expense	\$ (9,487)	\$ (41,482)
Other income	1,222	536
Bank charges	(343)	(479)
Exchange (loss) / gain	(2,438)	25,580
Total other income (expenses)	(11,046)	(15,845)
Loss before provision for income taxes:	\$ (64,865)	\$ (11,313)
Tax Expense:		
Provision for income taxes	-	-
Foreign taxes – withheld	-	(9,850)
Net loss	\$ (64,865)	\$ (21,163)
Basic and Diluted Loss per Share	\$ (0.00)	\$ (0.00)
Basic and Diluted Weighted Average Number of Shares Outstanding	117,754,296	117,754,296
Comprehensive Income (Loss):		
Unrealized foreign currency translation (loss) gain	\$ (7,087)	\$ (62,875)
Net loss	(64,865)	(21,163)
Comprehensive loss	\$ (71,952)	\$ (84,038)

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

Duo World, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the three months ended June 30, 2021 and June 30, 2020 (Unaudited)

	For the Period ended,	
	June 30, 2021	June 30, 2020
Operating activities:		
Loss before provision for income taxes	\$ (64,865)	\$ (21,163)
Adjustments to reconcile loss before provision for income taxes to cash provided by operating activities:		
Depreciation and amortization	1,054	2,171
Bad debts	16,026	-
Product development cost written off	15,895	19,376
Changes in assets and liabilities:		
Accounts receivable - trade	(33,759)	8,633
Prepayments	(2,034)	(9,012)
Lease right to use asset	-	6,599
Accounts Payable	10,657	14,321
Payroll, employee benefits, severance	(1,091)	13,255
Short term overdraft	7,142	1,033
Due to related parties	10,767	64,613
Taxes payable	242	6,477
Lease Creditor	-	51
Retirement Benefit	(54)	4,068
Lease liability	-	(5,577)
Accruals and other payables	33,265	(35,252)
Net cash provided by operating activities	\$ (6,755)	\$ 69,593
Investing activities:		
Intangible assets	-	(8,122)
Net cash used in investing activities	\$ -	\$ (8,122)
Financing activities:		
Long term loan	(1,880)	-
Net cash provided by financing activities	\$ (1,880)	\$ -
Effect of exchange rate changes on cash	(2,642)	(76,399)
Net decrease in cash	\$ (11,277)	\$ (14,928)
Cash, beginning of period	21,571	50,703
Cash, end of period	\$ 10,294	\$ 35,775
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 9,487	\$ (10,944)
Cash paid for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing activities:		
Common shares issued for services	\$ -	\$ -

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

Duo World, Inc. and Subsidiaries
Consolidated Statement of Changes in Shareholders' Deficit

	<u>Common Share Capital</u>		<u>Preferred Share Capital</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Other Comprehensive Income</u>	<u>Total Shareholders' Deficit</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
March 31, 2020	<u>67,754,296</u>	<u>\$ 67,754</u>	<u>5,000,000</u>	<u>\$ 5,000</u>	<u>\$11,641,336</u>	<u>\$ (15,508,871)</u>	<u>\$ 467,785</u>	<u>\$ (3,326,996)</u>
Net loss						(532,856)		(532,856)
Other comprehensive income							80,754	80,754
March 31, 2021	<u>67,754,296</u>	<u>\$ 67,754</u>	<u>5,000,000</u>	<u>\$ 5,000</u>	<u>\$11,641,336</u>	<u>\$ (16,041,727)</u>	<u>\$ 548,539</u>	<u>\$ (3,779,098)</u>
Net loss						(64,865)		(64,865)
Other comprehensive income							(7,087)	(7,087)
June 30, 2021	<u>67,754,296</u>	<u>\$ 67,754</u>	<u>5,000,000</u>	<u>\$ 5,000</u>	<u>\$11,641,336</u>	<u>\$ (16,106,592)</u>	<u>\$ 541,452</u>	<u>\$ (3,851,050)</u>

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

Duo World Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

Note 1 - Organization and Nature of Operations

Duo World Inc. (hereinafter referred to as “Successor” or “Duo”), a reporting company since September 26, 2016, was organized under the laws of the state of Nevada on September 19, 2014. Duo Software (Pvt.) Limited (hereinafter referred to as “DSSL” or “Predecessor”), a company based in Sri Lanka, was incorporated on September 22, 2004 in the Democratic Socialist Republic of Sri Lanka, as a limited liability company. Duo Software (Pte.) Limited (hereinafter referred to as “DSS” or “Predecessor”), a Singapore based company, was incorporated on June 5, 2007 in the Republic of Singapore as a limited liability company. DSS also includes its wholly-owned subsidiary, Duo Software India (Private) Limited (India), which was incorporated on August 30, 2007, under the laws of India. The financial statements of Duo Software India (Private) Limited prepared under realization concept and the management has a plan to wind up the Company and is under the process of Striking off.

On December 3, 2014, Duo Software (Pvt.) Limited (DSSL) and Duo Software Pte. Limited (DSS) executed a reverse recapitalization with Duo World Inc. (Duo). *See Note 4.* Duo (Successor) is a holding company that conducts operations through its wholly owned subsidiaries, DSSL and DSS (Predecessors), in Sri Lanka, Singapore and India. The consolidated entity is referred to as the “Company.” The Company, having its development center in Colombo, has been in the space of developing products and services for the subscription-based industry. The Company’s applications (“Facetone,” and “Smoothflow”) provide solutions in the space of Customer Life Cycle Management and Work Flow.

Note 2 - Basis of Presentation

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

We have recast certain prior period amounts to conform to the current period presentation, with no impact on consolidated net income or cash flows.

Going Concern

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments relating to the recovery of the recorded assets or the classification of the liabilities that might be necessary should the Company be unable to continue as a going concern.

As reflected in the accompanying consolidated financial statements, the Company had a net loss of \$64,865 and \$21,163 for the three months ended June 30, 2021 and 2020 respectively; net cash provided by operations of \$(6,755) and \$69,593 for the three months ended June 30, 2021 and 2020 respectively; working capital deficit of \$2,878,764 and \$2,826,272 as of June 30, 2021 and March 31, 2021 respectively; outstanding statutory dues towards employee provident fund and employee trust fund of \$371,398 and \$373,142 as of June 30, 2021 and March 31, 2021, respectively; and a stockholders’ deficit of \$3,851,050 and \$3,779,098 as of June 30, 2021 and March 31, 2021, respectively.

The Company has planned to launch Facetone cloud version in the second quarter of the current financial year. Further, the Company was able to reduce its Cost of sales and operating cost in the current quarter. Considering these trends the management is confident that the Company shall generate sufficient profits to offset the operating losses in the recent future.

Note 3 - Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated Financial Statements include the accounts and transactions of DSSL and DSS (Predecessors) and Duo (Successor). Duo World Inc. is the parent company of its 100% subsidiaries Duo Software (Pvt.) Limited (DSSL) and Duo Software Pte. Limited (DSS). Duo Software Pte. Limited is the parent company of its 100% subsidiary Duo Software India (Private) Limited (India). All significant inter-company accounts and transactions have been eliminated in consolidation.

Use of Estimates and Assumptions

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Making estimates and assumptions requires management to exercise significant judgment. It is least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate could change in the near term due to one or more future non-confirming events. Accordingly, the actual results could differ from those estimates and assumptions. The most significant estimates relate to the timing and amounts of revenue recognition, the recognition and disclosure of contingent liabilities and the collectability of accounts receivable.

Risks and Uncertainties

The Company's operations are subject to significant risk and uncertainties including financial, operational, competition and potential risk of business failure. Product revenues are concentrated in the application software industry, which is highly competitive and rapidly changing. Significant technological changes in the industry or customer requirements, or the emergence of competitive products with new capabilities or technologies could adversely affect operating results.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. The Company maintains cash and cash equivalents with various high quality financial institutions and we monitor the credit ratings of those institutions. The Company's sales are primarily to the companies located in Sri Lanka, Singapore Indonesia and India. The Company performs ongoing credit evaluations of our customers, and the risk with respect to trade receivables is further mitigated by the diversity, both by geography and by industry, of the customer base. Accounts receivable are due principally from the companies understated contract terms.

Provisions

A provision is recognized when the company has present obligations because of past event and when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimate can be made of amount of the obligation. Provisions are not discounted at their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Accounts Receivable and Provision for Doubtful Accounts

The Company recognizes accounts receivable in connection with the products sold and services provided and has strong policies and procedures for the collection receivables from its clients. However, there are inevitably occasions when the receivables due to the Company cannot be collected and, therefore, have to be written off as bad debts. While the debt collection process is being pursued, an assessment is made of the likelihood of the receivable being collectable. A provision is therefore, made against the outstanding receivable to reflect that component that may not become collectable. The Company is in the practice of provisioning for doubtful debts based on the period outstanding as per the following:

Trade receivables outstanding:	Provision
Over 24 months	100%
Over 18 months	50%
Over 15 months	25%
Over 12 months	10%
Over 9 months	5%

Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. As of June 30, 2021, and March 31, 2021, there were no cash equivalents.

Foreign Currency Translation

The functional currencies of the Company's foreign subsidiaries are their local currencies. For financial reporting purposes, these currencies have been converted into United States Dollars (\$) and/or USD as the reporting currency. All assets and liabilities denominated in foreign functional currencies are converted into U.S. dollars at the closing exchange rate on the balance sheet date and equity balances are converted at historical rates. Revenues, costs and expenses in foreign functional currencies are converted at the average rate of exchange during the period. Conversion adjustments arising from the use of different exchange rates from period to period are included as a component of shareholders' deficit as "accumulated other comprehensive income (loss)." Gains and losses resulting from foreign currency transactions are included in the statement of operations and comprehensive income /(loss) as other income (expense).

Property and Equipment

Fixed assets (including leasehold improvements) are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed utilizing the straight-line method over the estimated useful lives of the related assets. The estimated salvage value is considered as NIL. Amortization of leasehold improvements is computed utilizing the straight-line method over the estimated benefit period of the related assets, which may not exceed 15 years, or the lease term, if shorter. Repairs and maintenance expenditures, which are not considered improvements and do not extend the useful life of the property and equipment, are expensed as incurred. In case of sale or disposal of an asset, the cost and related accumulated depreciation are removed from the consolidated financial statements.

Useful lives of the fixed assets are as follows:

Furniture & fittings	5 years
Improvements to lease hold assets	Lease term
Office equipment	5 years
Computer equipment (Data processing equipment)	3 years
Website development	4 years

Impairment of Long-Lived Assets

The Company reviews long-lived assets, such as property, plant, and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of by sale would be separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Fair Value Measurements and Fair Value of Financial Instruments

The Company measures assets and liabilities at fair value based on an expected exit price as defined by the authoritative guidance on fair value measurements, which represents the amount that would be received on the sale of an asset or paid to transfer a liability, as the case may be, in an orderly transaction between market participants. As such, fair value may be based on assumptions that market participants would use in pricing an asset or liability.

The estimated fair value of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued expenses are carried at historical cost basis, which approximates their fair values because of the short-term nature of these instruments.

Post Retirement Benefit Plan

The Company has gratuity as post-employment plan for all the eligible employees. The recognition for the gratuity plan is as below:-

The expected postretirement benefit obligation (“EPBO”) is the actuarial present value (“APV”) as of a specific date of the benefits expected to be paid to the employee, beneficiaries, and covered dependents.

Measurement of the EPBO is based on the following:

1. Expected amount and timing of future benefits
2. Expected future costs
3. Extent of cost sharing

The EPBO includes an assumed salary progression for a pay-related plan. Future compensation levels represent the best estimate after considering the individual employees involved, general price levels, seniority, productivity, promotions, indirect effects, and the like.

The Accumulated postretirement benefit obligation (“APBO”) is the APV as of a specific date of all future benefits attributable to service by an employee to that date. It represents the portion of the EPBO earned to date. After full eligibility is attained, the APBO equals the EPBO. The APBO also includes an assumed salary progression for a pay-related plan.

Revenue Recognition, Deferred & Accrued Revenue

The Company recognizes revenue from the sale of software licenses and related services. The Company revenue recognition policy follows guidance from Accounting Standards Codification (ASC) 606, Revenue from contract with customers. Revenue is recognized when the Company transferred promised goods and services to the customer and in the amount that reflect the consideration to which the company expected to be entitled in exchange for those goods and services.

The following five steps are followed in recognizing revenue from contracts:

- Identify the Contract(s) with the customer;
- Identify the performance obligation of the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract and;
- Recognize revenue when or as the company satisfies a performance obligation.

The consideration for the transaction [performance obligation(s)] is determined as per the agreement, contract or invoice for the services and products.

Facetone

'Facetone' is a communication and collaboration platform, which provides users the capability of operating and running a high performance contact center operation efficiently while saving cost and maximizing revenue opportunities. In-built Facetone CRM feature provides the opportunity for contact centers to deliver a superior customer experience and build a better relationship by linking customers and data in real time.

Smoothflow

Smoothflow automates customer engagements, including building ChatBots, VoiceBots and IoTbots to deliver an Omni channel customer service experience. The product uses the power of artificial intelligence to keep improving the conversational flow and user experience.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services. We enter into contracts that can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

Nature of Products and Services

Licenses for on premise software— The Company sells a perpetual nonexclusive license to the customer and enables the customer to install and use the software and its documentation. Price per customer varies based on the selection of the products licensed, the number of site installations and the number of authorized users. The products offered on this basis are “Duo Subscribe” and “Facetone-enterprise.”

Enterprise software solutions— The Company distributes its software product ‘Facetone- hosted version’ with third party telecommunication companies. It is a revenue model where the telecommunication provider hosts the Company’s software applications and makes them available to its customers over the Internet for a monthly subscription fee. The Company charges telecommunication providers a monthly license fee calculated according to number of licenses sold.

Cloud services- The Company sells its product Smoothflow as a “SaaS” product (Software-as-a-Service) and services are provided on a monthly subscription model.

AMC Services- The Company offers annual maintenance programs on its licenses that provide for technical support and updates to the Company's software products. Initial annual maintenance fees are bundled with license fees in the initial licensing period and recognized when the performance obligation of license fee is met. Revenue is recognized ratably, or daily, over the term of the maintenance period, which is typically one year.

For the three months ended June 30, 2021 and 2020, the Company received only cash as consideration for sale of licenses and related services and not in kind.

For the three months ended June 30, 2021 and 2020, the Company had following concentrations of revenues with customers:

<u>Customer</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A	40.20%	2.93%
B	26.68%	2.15%
C	17.01%	3.79%
D	9.16%	2.74%
E	0.00%	83.66%
F	0.00%	3.06%
Other misc. customers	6.95%	1.67%
	<u>100.00%</u>	<u>100.00%</u>

For the three months ended June 30, 2021 and 2020, the company had following sales by products:

<u>Product</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Facetone	\$ 27,130	\$ 14,002
Software hosting and reselling	3,532	4,710
Duo Subscriber	-	122,273
	<u>\$ 30,662</u>	<u>\$ 140,985</u>

Significant Judgments

The Company's contract with customers includes multiple Software products and services to deliver and in the most of the contract the price of the separately identifiable features are stated separately. In the event the price of the multiple product and services are not mentioned in the agreement the Company allocate transaction price estimating the standalone selling price of the promised Products and the services. The determination of stand-alone selling price for each performance obligation requires judgments. The Company determines stand-alone selling price for performance obligations based on overall pricing strategies, which consider market in which the company operates, historical data analysis, number of users of the product or services, size of the customer and the market price of the hardware used.

Contract Balances

When the timing of revenue recognition differs from the timing of invoicing for contract with customers, deferred revenue and accrued revenue/ unbilled accounts receivables are recognized by the Company. Revenue under Software Implementation contracts are invoiced on stages of completion as stipulates in the agreement and the revenue recognized when the performance obligations are met and customer sign the user acceptance test (UAT). The Company invoices software license fee and royalty fee at the end of the period according to the customer agreement and accrued revenue/ unbilled revenue is recognized for the relevant period. The maintenance fee is invoiced beginning of the period and the Company recognizes as deferred revenue in the financial statements and is ratably recognized over a period of service.

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience, and other currently available evidence.

Refer Note- 5 for “Accounts receivables and Provision for doubtful debts”

Segment Information

The Company has determined that its Chief Executive Officer is its Chief Operating Decision Maker. The Company’s executive reviews financial information presented on a consolidated basis for the purposes of assessing the performance and making decisions on how to allocate resources. Accordingly, the Company has determined that it operates in a single reportable segment.

Deferred Revenue - Deferred revenue represents advance payments for software licenses, services, and maintenance billed in advance of the time revenue is recognized. As at June 30, 2021 and March 31, 2021 the Company recognized deferred revenue \$31,946 and \$2,898, respectively.

Accrued Revenue/Unbilled Accounts Receivable - Accrued revenue/Unbilled accounts receivable primarily occur due to the timing of the respective billings, which occur subsequent to the end of each reporting period. As at June 30, 2021 and March 31, 2021, unbilled /accrued revenues were \$3,296 and \$1,076, respectively.

The Company had no contract liabilities and assets recognized for cost to fulfill a requirement of a customer as at June 30, 2021.

Cost of Revenue

Cost of revenue mainly includes purchases, product implementation costs, amortization of product development, developer support and implementation, and consultancy fees related to the products offered by the Company. The aggregate cost related to the software implementations, including support and consulting services pertaining to the revenue recognized during the reporting period, is recognized as Cost of Revenue.

Product research and development

Product research and development expenses consist primarily of salary and benefits for the Company's development and technical support staff, contractors' fees and other costs associated with the enhancements of existing products and services and development of new products and services. Costs incurred for software development prior to technological feasibility are expensed as product research and development costs in the period incurred. Once the point of technological feasibility is reached, which is generally upon the completion of a working prototype that has no critical bugs and is a release candidate; development costs are capitalized until the product is ready for general release and are classified within "Intangibles assets" in the accompanying consolidated balance sheets. The Company amortizes capitalized software development costs using the greater of the ratio of the products' current gross revenues to the total of current gross revenues and expected gross revenues or on a straight-line basis over the estimated economic life of the related product, which is typically four years.

During the three months ended June 30, 2021 the Company has not capitalized product development cost and the three months ended June 2020, product research and development cost of \$8,122, were capitalized as "Intangible assets".

Advertising Costs

The Company expenses advertising costs as incurred. No advertising expenses were incurred during the three months ended June 30, 2021 and 2020.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets and liabilities are not recognized in the current financials due to recurring tax losses and the uncertainty of the realization of the tax allowances. Withholding taxes deducted from the source of income from foreign operations are debited to profit and loss account due to non-refundable status.

Comprehensive Income

The Comprehensive Income Topic of the FASB Accounting Standards Codification establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income from April 1, 2015 through June 30, 2021, includes only foreign currency conversion gains (losses), and is presented in the Company's consolidated statements of comprehensive income.

Changes in Accumulated Other Comprehensive Income (Loss) by Component during the periods ending on June 30, 2021 and March 31, 2021 were as follows:

Foreign Currency Translation gains (losses)

Balance, March 31, 2020	\$	467,785
Translation rate gain (loss)		80,754
Balance, March 31, 2021	\$	548,539
Translation rate gain (loss)		7,087
Balance, June 30, 2021	\$	541,452

Leases

Lessor

There are no significant changes in recognizing the Lessor under ASC 842 compared to the previous model. Changes were made to the accounting guidance of lessor and lessee, and the key aspects of the introduced model is to align the recognition criteria with new revenue recognition standard ASC 606. Under the new guidance, contract consideration is allocated to its lease components and non-lease components (such as maintenance). For the Company as a lessor, non-lease components of the contract will be accounted under ASC Topic 606, Revenue from Contracts with Customers, unless the Company elects a lessor practical expedient to not separate the non-lease components from the associated lease component. The amendments in ASU 2018-11 also provide lessors with a practical expedient, by class of underlying asset, to not separate non-lease components from the associated lease component. To elect the practical expedient, the timing and pattern of transfer of the lease and non-lease components must be the same and the lease component must meet the criteria to be classified as an operating lease. If these criteria's are met, the single component can be accounted either ASC 842 or ASC 606, depending on the predominant component(s). The lessor practical expedient to not separate non-lease components from the associated component must be elected for all existing and new leases.

As lessor, the Company expects that post-adoption substantially all existing leases will have no change in the timing of revenue recognition until their expiration or termination. The Company expects to elect the lessor's practical expedient to not separate non-lease components such as maintenance from the associated lease for all existing and new leases and to account for the combined component as a single lease component. The timing of revenue recognition is expected to be the same for the majority of the Company's new leases as compared to similar existing leases; however, certain categories of new leases could have different revenue recognition patterns as compared to similar existing leases.

For the leases that are accounted as operating leases, income is recognized on a straight-line basis over the term of the lease contract. Generally, when a lease is more than 180 days delinquent (where more than three monthly payments are owed), the lease is classified as being on nonaccrual and the Company has to stop recognizing leasing income on that date. Payments received from leases in nonaccrual status generally reduce the lease receivable. Leases on nonaccrual status remain classified as such until there is sustained payment performance that, in the Company's judgment, would indicate that all contractual amounts will be collected in full.

Lessee

The Company adopted ASU 2016-02 effective April 1, 2019 using the modified retrospective approach. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement. In connection with the adoption, the Company will elect to utilize the modified retrospective presentation whereby the Company will continue to present prior period financial statements and disclosures under ASC 840. In addition, the Company will elect the transition package of three practical expedients permitted within the standard, which eliminates the requirements to reassess prior conclusions about lease identification, lease classification and initial direct costs. Further, the Company will adopt a short-term lease exception policy, permitting us to not apply the recognition requirements of this standard to short-term leases (i.e. leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets.

The Company categorizes leases at their inception as either operating or capital leases. On certain lease agreements, the Company may receive rent holidays and other incentives. The Company recognizes lease costs on a straight-line basis without considering the deferred payment terms, such as rent holidays, that defer the commencement date of required payments.

Recent Accounting Pronouncements

The Company has reviewed the recent accounting pronouncements and believes that they will not have material impact on the Company's financial position and results of operations.

Note 4 – Reverse Recapitalization

Duo (Successor) merged with DSSL (Predecessors) on December 3, 2014, and merged with DSS (Predecessors) on December 3, 2014 (Predecessors), and DSSL and DSS became the surviving corporations, in a transaction treated as a reverse recapitalization. Duo did not have any material operations and majority-voting control was transferred to DSSL.

In the recapitalization, Duo issued 28,000,000 shares of common stock, 5,000,000 series “A” preferred shares and \$310,000 in cash in exchange for all of DSSL’s 5,000,000 issued and outstanding shares of common stock. Duo also issued 2,000,000 shares of common stock in exchange for all of DSS’s 10,000 issued and outstanding shares of common stock. The transaction resulted in DSSL’s shareholder and DSS’s shareholder acquiring approximately 100% control.

The transaction also required a recapitalization of DSSL and DSS. Since DSSL and DSS acquired a controlling voting interest, they were deemed the accounting acquirer, while Duo was deemed the legal acquirer. The historical financial statements of the Company are those of combined financial statements of DSSL & DSS and of the consolidated entities from the date of recapitalization and subsequent.

Since the transaction is considered a reverse recapitalization, the presentation of pro-forma financial information was not required. All share and per share amounts have been retroactively restated to the earliest periods presented to reflect the transaction.

Note 5 – Accounts Receivable

Following is a summary of accounts receivable as At June 30, 2021 and March 31, 2021;

	June 30, 2021	March 31, 2021
Accounts receivable – Trade	\$ 247,026	\$ 213,452
Less: Provision for doubtful debts	(93,420)	(77,580)
	\$ 153,606	\$ 135,872

As at June 30, 2021 and March 31, 2021, the Company had following concentrations of accounts receivables with customers:

Customer	June 30, 2021	March 31, 2021
A	82.76%	89.64%
B	13.67%	3.46%
C	2.09%	3.02%
Other receivables	1.48%	3.88%
	100.00%	100.00%

Note 6 – Prepaid Expenses and Other Current Assets

Following is a summary of prepaid expenses and other current assets as at June 30, 2021 and March 31, 2021;

	June 30, 2021	March 31, 2021
Security deposits	\$ 17,537	\$ 17,509
Supplier advance	5,411	5,411
Prepayments	997	1,646
Other receivables	592	157
	\$ 24,537	\$ 24,723

Note 7– Property and Equipment

Following table illustrates net book value of property and equipment as at June 30, 2021 and March 31, 2021;

	June 30, 2021	March 31, 2021
Office equipment	\$ 1,600	\$ 1,597
Furniture & fittings	107,334	107,177
Computer equipment (data processing equipment)	81,869	81,749
Improvements to lease hold assets	16,531	16,506
Website development	22,893	21,432
	230,227	229,891
Accumulated depreciation and amortization	(222,309)	(220,918)
Net fixed assets	\$ 7,918	\$ 8,974

Depreciation and amortization expense for the three months ended June 30, 2021 and 2020 was \$1,054 and \$2,171, respectively.

Note 8 – Intangible assets

Intangible assets comprise of capitalization of certain costs pertaining to products development which meets the criteria as set forth above under Note 3. Following table illustrates the movement in intangible assets as at June 30, 2021 and March 31, 2021:

	June 30, 2021	March 31, 2021
Opening balance	\$ 428,070	\$ 644,586
Add: Costs capitalized during the year	-	12,657
Less: Amount written-off	(15,895)	(206,433)
Translational gain/ (loss)	414	(22,740)
Net Intangible Assets	\$ 412,589	\$ 428,070

Note 9 – Short-term borrowings

Following is a summary of short-term borrowings as at June 30, 2021 and March 31, 2021;

	June 30, 2021	March 31, 2021
PAN Asia Bank – short term overdraft	\$ 379,865	\$ 372,291
PAN Asia Bank – loan	55,521	56,214
Commercial Bank	2,748	2,488
	\$ 438,134	\$ 430,993

Bank overdraft facility, obtained from Pan Asia Banking Corporation PLC, contains an interest rate of 9% per annum for \$106,421, 11.25% per annum for \$110,982 and 12.75% per annum for \$150,003 and 28% for above 367,405.

Note 10 – Due to Related Parties**Due to Related Parties – Short term**

From time to time, the Company receives advances from related parties such as management, directors or principal shareholders in the normal course of business. Loans and advances received from related parties are unsecured and non-interest bearing. Balances outstanding to these persons for less than 12 months are presented under current liabilities in the accompanying consolidated financial statements. As of June 30, 2021, and March 31, 2021, the Company owed directors \$1,074,165 and \$1,063,397, respectively.

Due to Related Parties – Long term

Balances outstanding to related parties for more than 12 months are presented under long-term liabilities in the accompanying consolidated financial statements. As of June 30, 2021, and March 31, 2021, the Company owed directors \$1,350,772 and \$1,345,915, respectively.

Note 11 – Taxes Payables

Taxes payable comprised of items listed below as at June 30, 2021 and March 31, 2021;

	<u>June 30, 2021</u>	<u>March 31, 2021</u>
PAYE	\$ 162,784	\$ 162,546
WHT payable	3,378	3,373
Stamp duty payable	4	5
	<u>\$ 166,166</u>	<u>\$ 165,924</u>

Note 12 – Accruals and Other Payables

Following is a summary of accruals and other payables as at June 30, 2021 and March 31, 2021;

	<u>June 30, 2021</u>	<u>March 31, 2021</u>
Accruals	\$ 49,191	\$ 60,242
Other payables	17,000	17,000
Audit fee payable	16,794	2,375
Accrued interest	9,612	8,763
	<u>\$ 92,597</u>	<u>\$ 88,380</u>

Note 13 – Cost of Revenue

Following is the summary of cost of revenue for the three months ending June 30, 2021 and 2020;

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Product development cost written off	\$ 15,895	\$ 19,376
Developer Support and Implementation	7,480	22,198
Purchases/ hosted servers	4,439	1,954
Consultancy, contract basis employee cost	325	628
Other external services	35	1,360
	<u>\$ 28,174</u>	<u>\$ 45,516</u>

Note 14 – General and Administrative Expenses

Following is the summary of general and administrative expenses for the three months ending June 30, 2021 and 2020;

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Consulting fee	\$ 13,451	\$ 3,195
Legal Fee	4,500	4,500
Audit fees	2,679	2,640
Other professional services	2,657	1,423
Office rent	1,956	387
Penalties / late payment charges	1,262	1,534
OTC market Fees	1,086	3,249
Internet charges	942	1,258
Telephone charges	890	2,442
Transfer agent fees	450	750
Office maintenance	235	140
Software rentals	234	159
Computer maintenance	216	235
Professional fees	207	1,445
Electricity charges	203	271
Filing fee and subscription	193	72
Other expenses	173	213
Secretarial fees	169	160
Vehicle allowance	133	2,416
Stamp duty expenses	89	85
Printing and stationery	29	54
Staff welfare	16	164
Courier and postage	4	114
Lease expense	-	3,559
Directors remuneration	-	\$ 31,492
EPF	-	2,213
ETF	-	553
	<u>\$ 31,774</u>	<u>\$ 64,723</u>

Note 15 – Selling and Distribution Expenses

Selling and distribution expenses for the three months ended June 30, 2021 and 2020 was \$112 and \$1,289, respectively.

Note 16 - Equity

(A) Common Stock

As at June 30, 2021, the Company has 400,000,000 authorized common shares having a par value of \$0.001. The common shares have been designated with the following rights:

- **Voting rights:** Common shareholders can attend at annual general meeting to cast vote or use a proxy.
- **Right to elect board of directors:** Common shareholders control the Company through their right to elect the company's board of directors; however, the holder of our preferred stock has super-majority voting rights and has power to elect all of the Company's board of directors.
- **Right to share income and assets:** Common shareholders have the right to share company's earnings equally on a per-share basis in the form of dividend. Similarly, in the event of liquidation, shareholders have claim on assets that remain after meeting the obligation to accrued taxes, accrued salary and wages, creditors including bondholders (if any) and preferred shareholders. Thus, common shareholders are residual claimants of the company's income and assets.

During the three months ended June 30, 2021, the Company has not issued common shares:

(B) Preferred Stock

As at June 30, 2021, the Company had 10,000,000 authorized series "A" preferred shares having a par value of \$0.001 per share.

The preferred shares have been designated with the following conversion rights:

- One preferred share will convert into ten (10) common shares no earlier than 24 months and 1 day after the issuance.

Note 17 - Commitments and Contingencies

The Company consults with legal counsel on matters related to litigation and other experts both within and outside the Company with respect to matters in the ordinary course of business. The Company does not have any contingent liabilities in respect of legal claims arising in the ordinary course of business.

Guarantees provided by the company existed on the balance sheet date are as follows:

Date	Description	Amount
7/31/2014	Guarantee for SLT	\$ 431
8/10/2015	Guarantee for LOLC	1,216
7/18/2018	Guarantee for Amana bank	483
9/10/2018	Guarantee for ICTA	1,520
10/9/2018	Rent deposit for office space	8,362
10/9/2019	Guarantee for BOC	1,850
10/14/2019	Security deposit for CEB	760
10/21/2019	Security deposit for CEB	304
11/18/2020	Guarantee for HDFC bank	127
		\$ 15,052

Note 18 - General

Figures have been rounded off to the nearest dollar and the comparative figures have been re-arranged / reclassified, wherever necessary, to facilitate comparison.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Forward - Looking Statement

The following discussion and analysis of the results of operations and financial condition of Duo World, Inc. should be read in conjunction with the unaudited financial statements, and the related notes. References to "we," "our," or "us" in this section refers to the Company and its subsidiaries. Our discussion includes forward-looking statements based upon current expectations that involve risks and uncertainties, such as our plans, objectives, expectations and intentions. We use words such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions to identify forward-looking statements.

Certain matters discussed herein may contain forward-looking statements that are subject to risks and uncertainties. Such risks and uncertainties include, but are not limited to, the following:

- *the volatile and competitive nature of our industry,*
- *the uncertainties surrounding the rapidly evolving markets in which we compete,*
- *the uncertainties surrounding technological change of the industry,*
- *our dependence on its intellectual property rights,*
- *the success of marketing efforts by third parties,*
- *the changing demands of customers; and*
- *the arrangements with present and future customers and third parties.*

Should one or more of these risks or uncertainties materialize or should any of the underlying assumptions prove incorrect, actual results of current and future operations may vary materially from those anticipated.

Our MD&A is comprised of the following sections:

- A. Business Overview
- B. Critical Accounting Policies
- C. Results of operations for the three months ended June 30, 2021 and June 30, 2020
- D. Financial condition as at March 31, 2021 and June 30, 2021
- E. Liquidity and capital reserves
- F. Milestones for next twelve months

A. Business overview:

Duo World, Inc. (hereinafter referred to as "Successor" or "Duo"), a reporting Company since September 26, 2016, was organized under the laws of the state of Nevada on September 19, 2014. Duo Software (Pvt.) Limited (hereinafter referred to as "DSSL" or "Predecessor"), a Sri Lanka based company, was incorporated on September 22, 2004, in the Democratic Socialist Republic of Sri Lanka, as a limited liability company. Duo Software (Pte.) Limited (hereinafter referred to as "DSS" or "Predecessor"), a Singapore based company, was incorporated on June 5, 2007 in the Republic of Singapore as a limited liability company. DSS also includes its wholly-owned subsidiary, Duo Software India (Private) Limited (India), which was incorporated on August 30, 2007, under the laws of India. The financial statements of Duo Software India (Private) Limited prepared under realization concept and the management has a plan to wind up the Company and is under the process of Striking off.

Effective December 3, 2014, DSSL and DSS executed a reverse recapitalization with Duo. Duo ("Successor") is a holding company that conducts operations through its wholly-owned subsidiaries, DSSL and DSS ("Predecessors") in Sri Lanka, Singapore and India. The consolidated entity is referred to as the "Company." The Company, having its development center in Colombo, Sri Lanka, specializes in the space of Customer Life Cycle Management & Contact Center solutions, Subscriber Management Billing and Automation of Workflow and Customer Engagement in the Asia Pacific Region. Driven by innovation, Duo World has served the enterprises in many ways, including efficiency, cost reduction, revenue optimization and continuous value addition to their product or service offerings. Duo World has been in the business of developing products and services for the subscription based industry.

Our authorized capital consists of 410,000,000 shares, including 400,000,000 shares of common stock, \$0.001 par value, and 10,000,000 shares of preferred stock, \$0.001 par value.

B. Critical Accounting Policies:

We prepare our consolidated financial statements in accordance with GAAP. The preparation of consolidated financial statements also requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, costs and expenses and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ significantly from the estimates made by our management. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Critical accounting policies and estimates are those that we consider the most important to the portrayal of our financial condition and results of operations because they require our most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of the matters that are inherently uncertain.

Revenue Recognition

The Company recognizes revenue from the sale of software licenses and related services. The Company's revenue recognition policy follows guidance from Accounting Standards Codification ("ASC") 606, Revenue from contracts with customers. Revenue is recognized when the Company transfers promised goods and services to the customer and in the amount that reflect the consideration to which the company expected to be entitled in exchange for those goods and services.

The following five steps are followed in recognizing revenue from contracts:

- Identify the contract(s) with the customer;
- Identify the performance obligation of the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract and;
- Recognize revenue when or as the Company satisfies a performance obligation.

The consideration for the transaction [performance obligation(s)] is determined as per the agreement, contract or invoice for the services and products.

DuoSubscribe

"Duo Subscribe" is a solution for Subscriber Management and Billing. With over a decade of experience in developing applications for these sectors and having vast amount of domain knowledge on how these sector operate, DuoSubscribe is eminently capable of meeting the complex and rigorous demands of businesses around the world.

Facetone

"Facetone" is a communication and collaboration platform, which provides users the capability of operating and running a high performance contact center operation efficiently while saving cost and maximizing revenue opportunities. In-built Facetone CRM feature provides the opportunity for contact centers to deliver a superior customer experience and build a better relationship by linking customers and data in real time.

Smoothflow

"Smoothflow" automates customer engagements, including building ChatBots, VoiceBots and IoTbots to deliver an Omni channel customer service experience. The product uses the power of artificial intelligence to keep improving the conversational flow and user experience.

Provisions

A provision is recognized when the Company has present obligations as a result of past events. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and reliable estimates can be made of amount of the obligation. Provisions are not discounted at their present value and are determined based on the best estimates required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets and liabilities are not recognized in the current financials due to recurring tax losses and the uncertainty of the realization of the tax allowances. Withholding taxes deducted from the source of income from foreign operations are debited to profit and loss account due to non-refundable status.

Quantitative and Qualitative Disclosure about Market Risk

We are exposed to financial market risks, primarily changes in interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices.

Foreign Currency Exchange Risk

Our results of operations and cash flows are subject to fluctuations due to changes in foreign currency exchange rates. All of our revenues are normally generated in U.S. dollars or Sri Lankan rupees. Our expenses are generally denominated in the currencies in which our operations are located, which are primarily in Asia and to a lesser extent in the U.S. Our results of operations and cash flows are, therefore, subject to fluctuations due to changes in foreign currency exchange rates and may be adversely affected in the future due to changes in foreign exchange rates. To date, we have not engaged in any foreign currency hedging strategies. As our international operations grow, we plan to generate revenues in foreign currencies and we will continue to reassess our approach to manage our risk relating to fluctuations in currency rates.

Inflation

We do not believe that inflation had a material effect on our business, financial condition or results of operations in the last three fiscal years. If our costs were to become subject to significant inflationary pressures, we may not be able to fully offset such higher costs through price increases. Our inability or failure to do so could harm our business, financial condition and results of operations.

C. Results of operations for the three months ended June 30, 2021 and June 30, 2020:

The Company had revenues amounting to \$30,662 and \$140,985, respectively, for three months ended June 30, 2021 and June 30, 2020. Following is a breakdown of revenues for both periods:

<u>Product</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Changes</u>
Facetone	\$ 27,130	14,002	\$ 13,128
Software hosting and reselling	3,532	4,710	(1,178)
Duo Subscribe	-	122,273	(122,273)
	<u>\$ 30,662</u>	<u>\$ 140,985</u>	<u>\$ (110,323)</u>

Total revenue for the three months ended June 30, 2021 decreased by 110,323 when compared to June 30, 2020.

The decrease in revenue is as a result of the Company not earning revenue from DuoSubscribe for the three months ended June 30, 2021 when compared to the same period in 2020. Decrease in DuoSubscribe revenue is due to adverse economic conditions of our key customers due to the Pandemic and also the Company shifting its business model from on-premise to Cloud solutions.

The revenue from Facetone increased by 94% during the period ended June 30, 2021 when compared to June 30, 2020

For the three months ended June 30, 2021 and June 30, 2020, the Company had the following concentrations of revenues with customers:

<u>Customer</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
A	40.20%	2.93%
B	26.68%	2.15%
C	17.01%	3.79%
D	9.16%	2.74%
E	0.00%	83.66%
Other misc. customers	6.95%	4.73%
	100.00%	100.00%

The total cost of sales amounted to \$28,174 and \$45,516 for the three months ended June 30, 2021 and June 30, 2020, respectively. The following table sets forth the Company's cost of sales breakdown for both periods:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Changes</u>
Product development cost written off	\$ 15,895	\$ 19,376	\$ (3,481)
Developer support and implementation	7,480	22,198	(14,718)
Purchases/ hosted servers	4,439	1,954	2,485
Consultancy, contract basis employee cost	325	628	(303)
Other external services	35	1,360	(1,325)
	\$ 28,174	\$ 45,516	\$ (17,342)

Cost of sales decreased by 38% in the three months ended June 30, 2021 when compared to the three months ended June 30, 2020 in line with the revenue decrease. Decrease in support services and implementation cost were the main contributors to the decrease in cost of sales.

The gross income for the three months ended June 30, 2021 and June 30, 2020 amounted to \$2,488 and \$95,469, respectively.

The total operating expenditure amounted to \$56,307 and \$90,937 for the three months ended June 30, 2021 and June 30, 2020, respectively. Operating expenditure declined by 38% during the three months ended June 30, 2021 when compared to the operating expenditure of the same period in 2020. The following table sets forth the Company's operating expenditure analysis for both periods:

	June 30, 2021	June 30, 2020	Changes
General and administrative	\$ 31,774	\$ 64,723	\$ (32,949)
Salaries and casual wages	7,341	20,133	(12,792)
Selling and distribution	112	1,289	(1,177)
Depreciation	311	1,245	(934)
Amortization of web site development	743	926	(183)
Allowance for bad debts	16,026	-	16,026
Employee benefit obligation	-	2,621	(2,621)
Total operating expenses	\$ 56,307	\$ 90,937	\$ (34,630)

Following are the main reasons for the variances in operating expenses of the Company:

General and Administrative Cost

During the three months ended June 30, 2021, general and administrative cost declined by \$32,949 when compared to the same period in 2020, mainly due to reduction in director remuneration, office rent and the vehicle allowance.

In order to safeguard the employees from Covid-19 virus, the company allowed most of its employees to work from home during this period, which in turn resulted in cost reduction for the company

Salaries and benefits

Salaries and benefits decreased by \$12,792 during the three months ended June 30, 2021 as there was a reduction in the total number of staff when compared to the same period in 2020. Duo's move towards outsourcing of non-core activities and shifting towards contract employment lead to a general decrease in the number of permanent staff, and increase in the overall efficiency in the operations of the company.

Selling and distribution

During the period ended June 30, 2021, marketing expenses decreased by \$1,177 due to the reduction in marketing expenditure incurred for the product Facetone.

Depreciation and Amortization expense

Depreciation and amortization expense had decreased by \$1,117 during the three months ended June 30, 2021, when compared to the three months ended June 30, 2020.

Allowance for bad debts

During the three months ended June 30, 2021, the Company has provided \$16,026 for the bad debts whereas a provision had not been provided for the period ended June 30, 2020

The Company recorded an operating loss of \$53,820 for the period ended June 30, 2021 when compared to the operating profit of \$4,532, earned in June 30, 2020.

The Company's other income and (expense) for the three months ended June 30, 2021 and June 30, 2020 amounted to \$(11,046) and \$(15,845), respectively. The following table sets forth the Company's other income and (expense) analysis for both periods:

	June 30, 2021	June 30, 2020	Changes
Interest expense	\$ (9,487)	\$ (41,482)	\$ 31,995
Other income	1,222	536	686
Bank charges	(343)	(479)	136
Exchange (loss) / gain	(2,438)	25,580	(28,018)
Total other income (expenses)	\$ (11,046)	\$ (15,845)	\$ 4,799

Other expenditures decreased by \$4,799 in the three months ended June 30, 2021, when compared to the three months ended June 30, 2020. The main reason for this decrease was the reduction in interest expense.

The loss before provision for income taxes for the three months ended June 30, 2021 and June 30, 2020 amounted to \$64,865 and \$11,313, respectively.

The net loss for the three months ended June 30, 2021 and June 30, 2020 amounted to \$64,865 and \$21,163, respectively.

The Company's comprehensive loss for the three months ended June 30, 2021 and June 30, 2020 amounted to \$71,952 and \$84,038, respectively.

Comprehensive Income / (Loss):	June 30, 2021	June 30, 2020
(Loss) / gain on foreign currency translation	\$ (7,087)	\$ (62,875)
Net loss	(64,865)	(21,163)
Comprehensive loss	\$ (71,952)	\$ (84,038)

At June 30, 2021 and March 31, 2021, the Company had 67,754,296 and 67,754,296 common shares issued and outstanding, respectively. The weighted average number of shares for the three months ended June 30, 2021 and June 30, 2020 was 67,754,296 and 65,754,296, respectively. The loss per share for both periods was \$(0.00) per share and \$(0.00) per share, respectively.

D. Financial condition as at June 30, 2021 and March 31, 2021:

Assets:

The Company reported total assets of \$612,240 and \$620,286 as at June 30, 2021 and March 31, 2021, respectively. 67% of these total assets include intangible assets and 25% of total assets are comprised of accounts receivable of the Company. Our property and equipment include office equipment, computer equipment (Data Processing Equipment), furniture and fittings, web site developments and improvement to leasehold assets having a total net book value of \$7,918 and \$8,974 as at June 30, 2021 and March 31, 2021, respectively. Furthermore, our current assets as at March 31, 2021 totaled \$183,242 and as at June 30, 2021, our current assets were \$191,733. These current assets amounted to \$191,733, comprised of cash of \$10,294, accounts receivable of \$153,606, prepaid and other current assets of \$24,537 and accrued revenue of \$3,296.

Liabilities:

The Company had total liabilities of \$4,463,290 and \$4,399,384 as at June 30, 2021 and March 31, 2021, respectively. Long term liabilities include balances owed to related parties which are outstanding for more than 12 months. Our current liabilities at March 31, 2021 totaled \$3,009,514. We have seen an increase of 2% in current liabilities amounting to \$60,983, making total current liabilities of \$3,070,497 as at June 30, 2021. These mainly include short-term third-party debt, payroll liabilities, payable to related parties, deferred revenue, taxes payable, accrued liabilities and our day to day operational creditors.

Stockholder's Deficit:

At March 31, 2021, the Company had stockholders' deficit of \$3,779,098. At June 30, 2021, the Company had stockholders' deficit of \$3,851,050, which represents an increase of \$71,952.

The Company had 67,754,296 and 67,754,296 shares issued and outstanding at June 30, 2021 and March 31, 2021, respectively.

E. Liquidity and capital reserves:

The Company had losses from operations amounting to \$53,820 and profit from operations amounting to \$4,532 for the three months ended June 30, 2021 and 2020, respectively; a total other income (expense) amounting to \$(11,046) and \$(15,875) for the three months ended June 30, 2021 and 2020, respectively; and a net loss of \$64,865 and \$21,163 for the three months ended June 30, 2021 and 2020, respectively.

In summary, our cash flows for the three months ended June 30, 2021 and June 30, 2020 were as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Net cash provided by operating activities	\$ (6,755)	\$ 69,593
Net cash used in investing activities	-	(8,122)
Net cash provided by financing activities	(1,880)	-

Since inception, we have financed our operations primarily through internally generated funds and the use of our lines of credit with several financial institutions. We had \$10,294 in cash; net cash provided by operations of \$(6,755) for the three months ended June 30, 2021; working capital deficit of \$2,878,764; and stockholders' deficit of \$3,851,050 as of June 30, 2021.

F. Milestones for next twelve months (2021-2022):

Our specific plan of operations and milestones through June 2022 are as follows:

a) Product Development and Launch:

Capitalize on the post-Covid business landscape by completing development of the SaaS version of Facetone and launch it online.

b) Consolidate:

The company will consolidate its business activities in order to become more efficient and re-launch the business.

c) *Knowledge Capital, Learning and Innovation.*

Our greatest strength is our human capital. We have the ability to continue to innovate and set trends within the industries in which we operate, due to our ability to innovate and create value in our products.

Our management intends to:

- Continue to empower and create value for our human capital;
- Encourage disruptive technologies;
- Provide greater opportunities for knowledge sharing; and
- Sponsor and motivate learning and adoption of new technologies

d) *Financial Performance*

We intend to:

- Reduce operational cost and break even.
- Maximizing the utilization of capital towards revenue generation.

e) *Corporate Social Responsibility*

Our wholly-owned subsidiary, Duo Software (Pvt.) Ltd., was Asia's first software development company to be certified Carbon Neutral in 2011.

We intend to be environmentally friendly, and continue with the carbon foot print audit and Carbon Neutral Certification in future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Not applicable.

Item 4. Controls and Procedures***Evaluation of Disclosure Controls and Procedures***

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our Principal Executive Officer and Principal Financial Officer of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934) were effective.

Changes in internal control over financial reporting

There were no changes in our internal control over financial reporting during our last fiscal quarter that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION**Item 1. Legal Proceedings**

We are not involved in any legal proceedings.

Item 1A. Risk Factors

Not applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

See Exhibit Index below for exhibits required by Item 601 of regulation S-K.

EXHIBIT INDEX

Exhibit No. Description

List of Exhibits attached or incorporated by reference pursuant to Item 601 of Regulation S-K:

<u>Exhibit</u>	<u>Description</u>
31.1 *	Certification under Section 302 of Sarbanes-Oxley Act of 2002
31.2 *	Certification under Section 302 of Sarbanes-Oxley Act of 2002
32.1 *	Certification under Section 906 of Sarbanes-Oxley Act of 2002
32.2 *	Certification under Section 906 of Sarbanes-Oxley Act of 2002

* Filed herewith.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DUO WORLD, INC.

Date: August 16, 2021

/s/ Muhunthan Canagasooriyam

Muhunthan Canagasooriyam
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 16, 2021

/s/ Suzannah Jennifer Samuel Perera

Suzannah Jennifer Samuel Perera
Chief Financial Officer
(Principal Accounting and Financial Officer)

DUO WORLD, INC.
A Nevada corporation
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Section 302 Certification

I, Muhunthan Canagasooriam, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Duo World, Inc. for the quarter ended June 30, 2021.
2. Based on my knowledge, this quarterly report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this interim report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) All significant deficiencies in the design of operation of internal controls which would adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: August 16, 2021

/s/ Muhunthan Canagasooriam

Muhunthan Canagasooriam
President and Chief Executive Officer
(Principal Executive Officer)

DUO WORLD, INC.
A Nevada corporation
CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Section 302 Certification

I, Suzannah Jennifer Samuel Perera, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Duo World, Inc. for the quarter ended June 30, 2021.
2. Based on my knowledge, this quarterly report 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this interim report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a. All significant deficiencies in the design of operation of internal controls which would adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting

Date: August 16, 2021

/s/ Suzannah Jennifer Samuel Perera
Suzannah Jennifer Samuel Perera
Chief Financial Officer
(Principal Accounting and Financial Officer)

DUO WORLD, INC.
A Nevada corporation
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Duo World, Inc. (“Company”) on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Muhunthan Canagasooram, President and Chief Executive Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authentication, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 16, 2021

/s/ Muhunthan Canagasooram

Muhunthan Canagasooram
President and Chief Executive Officer
(Principal Executive Officer)

DUO WORLD, INC.
A Nevada corporation
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Duo World, Inc. (“Company”) on Form 10-Q for the quarter ended June 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Suzannah Jennifer Samuel Perera, Chief Financial Officer, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authentication, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Date: August 16, 2021

/s/ Suzannah Jennifer Samuel Perera

Suzannah Jennifer Samuel Perera
Chief Financial Officer
(Principal Accounting and Financial Officer)
