

KwikSwap -Factory Contract

Smart Contract Security Audit

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Visit: Halborn.com

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DOCUMENT REVISION HISTORY

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EXECUTIVE OVERVIEW

1.1 INTRODUCTION

Kwikswap is a Multi Cross-Chain Swap Protocol with Layer 2 Scaling powered by Ethereum, Polkadot, Plasm, Reef Chain, BSC & Acala Network. KwikSwap is a decentralised protocol built primarily on the Ethereum Network. KwikSwap allows the creation of token markets, own KWIK token, Non-Custodial wallet connection, no need for KYC, features layer 2 scaling and you always control your funds for a completely decentralized experience.

Kwikswap engaged Halborn to conduct a security assessment on their Smart contracts on May 31st, 2021 to June 10th, 2021. The security assessment was scoped to the smart contract provided in the Github repository Kwikswap Smart Contracts and an audit of the security risk and implications regarding the changes introduced by the development team at Kwikswap prior to its production release shortly following the assessments deadline.

Though this security audit's outcome is satisfactory, only the most essential aspects were tested and verified to achieve objectives and deliverables set in the scope due to time and resource constraints. It is essential to note the use of the best practices for secure smart-contract development.

1.2 AUDIT SUMMARY

The team at Halborn was provided a week for the engagement and assigned a full time security engineer to audit the security of the smart contract. The security engineer is a blockchain and smart-contract security expert with advanced penetration testing, smart-contract hacking, and deep knowledge of multiple blockchain protocols.

The purpose of this audit to achieve the following:

- Ensure that smart contract functions are intended.
- Identify potential security issues with the smart contracts.

In summary, Halborn identified few security risks, and recommends performing further testing to validate extended safety and correctness in context to the whole set of contracts. External threats, such as economic attacks, oracle attacks, and inter-contract functions and calls should be validated for expected logic and state.

1.3 TEST APPROACH & METHODOLOGY

Halborn performed a combination of manual and automated security testing to balance efficiency, timeliness, practicality, and accuracy in regard to the scope of the smart contract audit. While manual testing is recommended to uncover flaws in logic, process, and implementation; automated testing techniques help enhance coverage of smart contracts and can quickly identify items that do not follow security best practices. The following phases and associated tools were used throughout the term of the audit:

- Research into architecture and purpose.
- Smart Contract manual code review and walkthrough.
- Graphing out functionality and contract logic/connectivity/functions(solgraph)
- Manual Assessment of use and safety for the critical Solidity variables and functions in scope to identify any arithmetic related vulnerability classes (brownie console and manual deployments on Ganache)
- Scanning of solidity files for vulnerabilities, security hotspots or bugs. (MythX)
- Static Analysis of security for scoped contract, and imported functions.(Slither)
- Testnet deployment (Ganache, Remix IDE)

RISK METHODOLOGY:

Vulnerabilities or issues observed by Halborn are ranked based on the risk assessment methodology by measuring the **LIKELIHOOD** of a security incident, and the **IMPACT** should an incident occur. This framework works for

communicating the characteristics and impacts of technology vulnerabilities. It's quantitative model ensures repeatable and accurate measurement while enabling users to see the underlying vulnerability characteristics that was used to generate the Risk scores. For every vulnerability, a risk level will be calculated on a scale of 5 to 1 with 5 being the highest likelihood or impact.

RISK SCALE - LIKELIHOOD

- 5 Almost certain an incident will occur.
- 4 High probability of an incident occurring.
- 3 Potential of a security incident in the long term.
- 2 Low probability of an incident occurring.
- 1 Very unlikely issue will cause an incident.

RISK SCALE - IMPACT

- 5 May cause devastating and unrecoverable impact or loss.
- 4 May cause a significant level of impact or loss.
- 3 May cause a partial impact or loss to many.
- 2 May cause temporary impact or loss.
- 1 May cause minimal or un-noticeable impact.

The risk level is then calculated using a sum of these two values, creating a value of 10 to 1 with 10 being the highest level of security risk.

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
----------	------	--------	-----	---------------

10 - CRITICAL

9 - 8 - HIGH

7 - 6 - MEDIUM

5 - 4 - LOW

3 - 1 - VERY LOW AND INFORMATIONAL

1.4 SCOPE

IN-SCOPE:

The security assessment was scoped to the smart contracts:

- Kiwkswap Router02.sol
- Kwikswap Router01.sol
- KwikswapV1ERC20.sol
- KwikswapV1Factory.sol
- KwikswapV1Pair.sol
- Contracts unders libraries/ and interfaces/ directories

Commit ID: f4e2f0481462b7bc40e5c4d94768a8acc8cf7d22

Fix Commit ID: 66fce626b57908af56301e1e6c84f672c55a0298

OUT-OF-SCOPE:

External libraries and economics attacks.

2. ASSESSMENT SUMMARY & FINDINGS OVERVIEW

CRITICAL	HIGH	MEDIUM	LOW	INFORMATIONAL
0	0	1	4	1

LIKELIHOOD

(HAL-03)			
(HAL-02)		(HAL-01)	
	(HAL-04)	(HAL-05)	
(HAL-06)			

SECURITY ANALYSIS	RISK LEVEL	REMEDIATION DATE
UNCHECKED TRANSFER	Medium	SOLVED - 06/29/2021
PRAGMA VERSION DEPRECATED	Low	RISK ACCEPTED
USE OF BLOCK.TIMESTAMP	Low	SOLVED - 06/29/2021
MISSING ZERO-ADDRESS CHECKS	Low	SOLVED - 06/29/2021
IGNORE RETURN VALUES	Low	SOLVED - 06/29/2021
MISSING RE-ENTRANCY PROTECTION	Informational	RISK ACCEPTED

FINDINGS & TECH DETAILS

3.1 (HAL-01) UNCHECKED TRANSFER - MEDIUM

Description:

The contracts Kiwkswap Router02.sol and Kwikswap Router01.sol has removeLiquidity() method and in this method, transferFrom() is being called without any implementing checks on the return value. Several tokens do not revert in case of failure and return false.

Code Location:

Risk Level:

Likelihood - 3

Impact - 3

Recommendation:

Use SafeERC20, or ensure that the transferFrom return value is checked.

Remediation Plan:

SOLVED: Contracts Kiwkswap Router02 and Kiwkswap Router01 are now using SafeERC20.

3.2 (HAL-02) PRAGMA VERSION DEPRECATED - LOW

Description:

The current version in use for the contracts is pragma =0.5.12 for KwikswapV1ERC20.sol, KwikswapV1Factory.sol and KwikswapV1Pair.sol while =0.6.6 for Kiwkswap Router02.sol and Kwikswap Router01.sol. While these version is still functional, and most security issues safely implemented by mitigating contracts with other utility contracts such as SafeMath.sol and ReentrancyGuard.sol, the risk to the long-term sustainability and integrity of the solidity code increases.

Code Location:

```
Listing 3: KwikswapV1ERC20.sol, KwikswapV1Factory.sol and Kwik-swapV1Pair.sol

59 pragma solidity =0.5.16;
```

```
Listing 4: Kiwkswap Router02.sol and Kwikswap Router01.sol

59 pragma solidity =0.6.6;
```

Risk Level:

Likelihood - 1 Impact - 3

Recommendations:

At the time of this audit, the current version is already at 0.8.2. When possible, use the most updated and tested pragma versions to take advantage of new features that provide checks and accounting, as well as prevent insecure use of code. (0.6.12)

Remediation Plan:

RISK ACCEPTED: Kwikswap team wants to continue with this pragma version.

3.3 (HAL-03) USE OF BLOCK.TIMESTAMP - LOW

Description:

During a manual static review, the tester noticed the use of block. timestamp in KwikswapV1ERC20.sol and KwikswapV1Pair.sol contracts. The contract developers should be aware that this does not mean current time. Miners can influence the value of block.timestamp to perform Maximal Extractable Value (MEV) attacks. The use of now creates a risk that time manipulation can be performed to manipulate price oracles. Miners can modify the timestamp by up to 900 seconds.

Code Location:

Risk Level:

Likelihood - 1

Impact - 4

Recommendation:

Use block.number instead of block.timestamp to reduce the risk of MEV attacks. Check if the timescale of the project occurs across years, days and months rather than seconds. If possible, it is recommended to use Oracles.

Remediation Plan:

SOLVED: Contracts KwikswapV1Pair and KwikswapV1ERC20 are now using block .number instead of block.timestamp.

3.4 (HAL-04) MISSING ZERO-ADDRESS CHECK - LOW

Description:

The contracts KwikswapV1Factory.sol, KwikswapV1Pair.sol, Kiwkswap Router02.sol and Kwikswap Router01.sol should perform a "zero-address" validation check when assigning the user supplied address values to state variables.

Code Location:

```
Listing 8: KwikswapV1Factory.sol (Lines 42)

40     function setFeeTo(address _feeTo) external {
41         require(msg.sender == feeToSetter, 'KwikswapV1: FORBIDDEN'
               );
42         feeTo = _feeTo;
43     }
```

```
Listing 9: KwikswapV1Factory.sol (Lines 47)

45     function setFeeToSetter(address _feeToSetter) external {
46         require(msg.sender == feeToSetter, 'KwikswapV1: FORBIDDEN'
         );
47         feeToSetter = _feeToSetter;
48    }
```

Risk Level:

Likelihood - 2 Impact - 2

Recommendation:

Add address validation for user-supplied values in addition to the existing OpenZeppelin RBAC controls.

Remediation Plan:

SOLVED: Contracts KwikswapV1Pair, KwikswapV1Factory, Kwikswap Router01 and Kiwkswap Router02 added address validation for user-supplied values.

3.5 (HAL-05) IGNORE RETURN VALUES -

Description:

The return value of an external call is not stored in a local or state variable. In the contracts Kiwkswap Router02.sol and Kwikswap Router01. sol, there are instances where external methods are being called and the return value is being ignored.

Code Location:

Risk Level:

Likelihood - 3 Impact - 2

Recommendation:

Add a return value check to avoid unexpected errors. Return value checks ensure proper exception handling.

Remediation Plan:

SOLVED: Contracts Kwikswap Router01 and Kwikswap Router02 added a return value check to avoid unexpected errors.

3.6 (HAL-06) MISSING RE-ENTRANCY PROTECTION - INFORMATIONAL

Description:

To protect against cross-function reentrancy attacks, it may be necessary to use a mutex. By using this lock, an attacker can no longer exploit the withdraw function with a recursive call. OpenZeppelin has it's own mutex implementation called ReentrancyGuard which provides a modifier to any function called nonReentrant that guards the function with a mutex against reentrancy attacks.

Risk Level:

Likelihood - 1 Impact - 1

Recommendation:

In the KwikswapV1Pair.sol and KwikswapV1Factory.sol contracts, functions like KwikswapV1Pair.burn(), KwikswapV1Pair.swap() and KwikswapV1Factory .createPair() are missing nonReentrant guard. Use the nonReentrant modifier to avoid introducing future vulnerabilities.

Remediation Plan:

RISK ACCEPTED: Kwikswap team are fine with not adding nonReenrant guard in their contracts.

AUTOMATED TESTING

4.1 STATIC ANALYSIS REPORT

Description:

Halborn used automated testing techniques to enhance coverage of certain areas of the scoped contract. Among the tools used was Slither, a Solidity static analysis framework. After Halborn verified all the contracts in the repository and was able to compile them correctly into their abi and binary formats. This tool can statically verify mathematical relationships between Solidity variables to detect invalid or inconsistent usage of the contracts' APIs across the entire code-base.

Result:

INFO:Detectors:

wikkswap/VPair.yupate(uint256,uint125,uint112,uint112) (contracts/Kwikswap/VPair.sol#73-86) uses a weak PRNG: "blockTimestamp = uint32(block.timestamp % 2 ** 32) (contracts/Kwikswap/VPair.sol#75)*

Beference: https://github.com/crafic/Silther/wik/(Detector-DecumentationAppair-PRNG)

Beference: https://github.com/crafic/Silther/wik/(Detector-DecumentationAppair-PRNG)

Beference: https://github.com/crafic/Silther/wik/(Detector-DecumentationAppair-PRNG)

- This issue is false positive since there is no situation here for 'weak PRNG', the code is just trying to convert block.timestamp value to uint32. It is not using it as a source of randomness.

INFO:Detectors:

INFO:D

- This 'unchecked transfer' issue is already reported in the above report.

- Re-entrancy issue is not present but in future to protect against cross-function reentrancy attacks, it may be necessary to use a mutex. By using this lock, an attacker can no longer exploit the withdraw function with a recursive call. OpenZeppelin has it's own mutex implementation

called ReentrancyGuard which provides a modifier to any function called nonReentrant that guards the function with a mutex against reentrancy attacks.

```
INFO:Detectors:

Makksapp/Shourer02_addiquidity(address_address_uint256_uint256_uint256_uint256_uint256] (contracts/Kiwkswap Router02.sol#404-431) ignores return value by IKwikswap/IFactory(factory).createPair(tokenA_tokenB) (contracts/Kiwkswap Router02.sol#404-431) ignores return value by IKwikswap/IFactory(factory).createPair(tokenA_tokenB) (contracts/Kiwkswap Router02.sol#404-431) ignores return value by IKwikswap/IFactory(factory).createPair(tokenA_tokenB) (contracts/Kwikswap Router01.sol#307-414) ignores return value by IKwikswap/IFactory(factory).createPair(tokenA_tokenB) (contracts/Kwikswap R
```

- All unused return issues are present and it is good to add a return value check to avoid unexpected errors. Return value checks ensure proper exception handling.

```
INGO.Detectors:

INGO.D
```

- All these 'uninitialized variable issues are false positive since variable i is being used in for loop and since it is uint it's default value is zero.

```
IMPO:Detectors:

Kwikssappi1ERC20.permit(address_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint256_uint2
```

- Issues regarding 'block.timestamp' has been already raised in the report above.

```
INFO:Detectors:
quote(uint256,uint256, uint256, uint256)
getAmountOut(uint256, uint256, uint256) should be declared external:
- KwikswapVlRouter02.getAmountOut(uint256, uint256) (contracts/Kiwkswap Router02.sol#778-786)
getAmountIn(uint256, uint256) should be declared external:
- KwikswapVlRouter02.getAmountIn(uint256, uint256, uint256) (contracts/Kiwkswap Router02.sol#788-796)
getAmountSout(uint256, address[]) should be declared external:
- KwikswapVlRouter02.getAmountsOut(uint256, address[]) (contracts/Kiwkswap Router02.sol#798-806)
getAmountsIn(uint256, address[]) should be declared external:
- KwikswapVlRouter02.getAmountSout(uint256, address[]) (contracts/Kiwkswap Router02.sol#808-816)
Reference: https://github.com/crytic/slither/wiki/Detector-Documentation#public-function-that-could-be-declared-external
INFO:Detectors:
quote(uint256, uint256) should be declared external:
- KwikswapVlRouter01.getAmountSout(uint256, uint256) (contracts/Kwikswap Router01.sol#618-620)
getAmountSout(uint256, uint256) should be declared external:
- KwikswapVlRouter01.getAmountOut(uint256, uint256, uint256) (contracts/Kwikswap Router01.sol#626-624)
getAmountSouter01.getAmountSout(uint256, uint256, uint256) (contracts/Kwikswap Router01.sol#626-628)
getAmountSout(uint256, uint256, uint256, uint256, uint256, uint256, uint256, uint256)
- KwikswapVlRouter01.getAmountSout(uint256, uint256, uint256,
```

- Issues regarding 'function visibility' has been already raised in the report above.

- Re-entrancy issue is not present but in future to protect against cross-function reentrancy attacks, it may be necessary to use a mutex. By using this lock, an attacker can no longer exploit the withdraw function with a recursive call. OpenZeppelin has it's own mutex implementation called ReentrancyGuard which provides a modifier to any function called nonReentrant that guards the function with a mutex against reentrancy attacks.

- Issues regarding 'missing zero address validation' has been already raised in the report above.

4.2 AUTOMATED SECURITY SCAN

MYTHX:

Halborn used automated security scanners to assist with detection of well-known security issues, and to identify low-hanging fruit on the targets for this engagement. Among the tools used was MythX, a security analysis service for Ethereum smart contracts. MythX performed a scan on the testers machine and sent the compiled results to the analyzers to locate any vulnerabilities. Only security-related findings are shown below.

Results:

Kwikswap Router01.sol

Report for contracts/Kwikswap Router01.sol https://dashboard.mythx.io/#/console/analyses/fec0c805-b966-4b76-ad4c-1114f34df386

DesLine	SWC Title	Severity	Short Description
47	(SWC-103) Floating Pragma	Low	A floating pragma is set.
78	(SWC-103) Floating Pragma	Low	A floating pragma is set.
Postm 98	(SWC-103) Floating Pragma	Low	A floating pragma is set.
178	(SWC-103) Floating Pragma	Low	A floating pragma is set.
200	(SWC-103) Floating Pragma	Low	A floating pragma is set.
257	(SWC-103) Floating Pragma	Low	A floating pragma is set.
356	(SWC-103) Floating Pragma	Low	A floating pragma is set.
383	(SWC-110) Assert Violation	Low	An assertion violation was triggered.

Kwikswap Router02.sol

Report for contracts/Kiwkswap Router02.sol https://dashboard.mythx.io/#/console/analyses/369eef4c-7b82-47e1-957f-7f297eecca9f

Line	SWC Title	Severity	Short Description
120	(SWC-110) Assert Violation	Low	An assertion violation was triggered.
400	(SWC-110) Assert Violation	Low	An assertion violation was triggered.

KwikswapV1ERC20.sol

	Report for KwikswapV1ERC20.sol https://dashboard.mythx.io/#/console/analyses/15b1ffb0-3864-4d00-a3ba-e370be312268					
Line	SWC Title	Severity	Short Description			
82	(SWC-116) Timestamp Dependence	Low	A control flow decision is made based on The block.timestamp environment variable.			

KwikswapV1Pair.sol

	eport for KwikswapV1Pair.sol ttps://dashboard.mythx.io/#/console/analyses/5198b672-29e7-413f-85c3-5029657962e4					
Line	SWC Title	Severity	Short Description			
16	(SWC-128) DoS With Block Gas Limit	Low	Potentially unbounded data structure passed to builtin.			
35	(SWC-107) Reentrancy	Low	Write to persistent state following external call			
45	(SWC-113) DoS with Failed Call	Low	Multiple calls are executed in the same transaction.			
77	(SWC-116) Timestamp Dependence	Low	A control flow decision is made based on The block.timestamp environment variable.			
194	(SWC-107) Reentrancy	Low	Read of persistent state following external call			
199	(SWC-113) DoS with Failed Call	Low	Multiple calls are executed in the same transaction.			

• Issues regarding 'floating pragma' and 'block.timestamp' has been already raised in the report above.

THANK YOU FOR CHOOSING

