



WESTBOND ENTERPRISES CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2017 and 2016

(Unaudited – See Notice to Reader)

WestBond Enterprises Corporation
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WestBond Enterprises Corporation

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three and six month periods ended September 30, 2017 and 2016 have been prepared by and are the responsibility of the company's management. They are unaudited and have not been reviewed by independent auditors.

WestBond Enterprises Corporation
Consolidated Statements of Financial Position
Canadian Dollars
(Unaudited)

		September 30 2017	March 31 2017
	Notes	\$	\$
ASSETS			
Non-Current Assets			
Plant and equipment		8,418,236	8,735,948
Lease deposits		18,012	18,012
Deferred tax asset		-	4,350
		<u>8,436,248</u>	<u>8,758,310</u>
Current Assets			
Inventory		1,047,128	1,180,152
Trade and other receivables		1,135,394	891,105
Income tax recoverable		3,461	5,055
Prepaid expenses		69,210	41,698
Cash and cash equivalents		181,828	124,677
		<u>2,437,021</u>	<u>2,242,687</u>
Total Assets		<u>10,873,269</u>	<u>11,000,997</u>
EQUITY AND LIABILITIES			
Equity			
Common shares issued and outstanding		3,883,225	3,883,225
Stock options		96,200	96,200
Contributed surplus		286,874	286,874
Retained earnings		737,312	604,855
Equity attributable to common shareholders		<u>5,003,611</u>	<u>4,871,154</u>
Liabilities			
Non-Current Liabilities			
Term bank loans	3	3,511,900	3,869,044
Deferred operating lease liability		147,922	132,151
Deferred tax liability		652,200	608,374
		<u>4,312,022</u>	<u>4,609,569</u>
Current Liabilities			
Revolving bank loans		20,550	-
Term bank loans	3	714,288	714,288
Trade and other payables		822,798	805,986
		<u>1,557,636</u>	<u>1,520,274</u>
Total Liabilities		<u>5,869,658</u>	<u>6,129,843</u>
Total Equity and Liabilities		<u>10,873,269</u>	<u>11,000,997</u>

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

WestBond Enterprises Corporation
Consolidated Statements of Comprehensive Income
Canadian Dollars
(Unaudited)

	Notes	Three months ended		Six months ended	
		September 30		September 30	
		2017	2016	2017	2016
		\$	\$	\$	\$
Sales		2,371,465	2,329,132	4,870,343	4,559,063
Cost of sales	5	1,872,560	1,790,798	3,902,662	3,611,761
Gross Profit		498,905	538,334	967,681	947,302
Selling and distribution expenses	6	207,594	184,503	396,006	377,360
General and administrative expenses	7	145,837	162,343	309,466	328,030
Operating Profit		145,474	191,488	262,209	241,912
Foreign exchange (gain) loss		(5,508)	5,698	(15,246)	(1,377)
Interest expense		49,623	53,014	96,822	107,243
Profit Before Tax		101,359	132,776	180,633	136,046
Income tax expense		27,184	35,015	48,176	35,347
Profit and Comprehensive Income		74,175	97,761	132,457	100,699
Weighted average shares outstanding		33,665,800	33,665,800	33,665,800	33,665,800
Earnings per share, basic and fully diluted		0.002	0.003	0.004	0.003

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WestBond Enterprises Corporation
Consolidated Statements of Changes in Equity
Canadian Dollars
(Unaudited)

	Common Shares	Stock Options	Contributed Surplus	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance as at March 31, 2016	3,883,225	96,200	286,874	443,775	4,710,074
Profit for the period	-	-	-	100,699	100,699
Balance as at September 30, 2016	3,883,225	96,200	286,874	544,474	4,810,773
Balance as at March 31, 2017	3,883,225	96,200	286,874	604,855	4,871,154
Profit for the period	-	-	-	132,457	132,457
Balance as at September 30, 2017	3,883,225	96,200	286,874	737,312	5,003,611

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

WestBond Enterprises Corporation
Consolidated Statements of Cash Flows
Canadian Dollars
(Unaudited)

Notes	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
			\$	\$
Operating Activities				
Profit	74,175	97,761	132,457	100,699
Adjustments to reconcile profit to cash flows from operating activities				
- depreciation	178,112	182,231	354,780	361,551
- deferred operating lease liability	7,886	7,885	15,771	15,771
- interest expense	49,623	53,014	96,822	107,243
- income tax expense	27,184	35,015	48,176	35,347
- income tax refunded	1,594	13,456	1,594	13,456
Cash flows from operating activities before changes in non-cash working capital	338,574	389,362	649,600	634,067
Decrease (increase) in				
- inventory	65,555	(141,607)	133,024	36,330
- trade and other receivables	26,212	(62,584)	(244,289)	(167,390)
- prepaid expenses	(45,379)	(43,312)	(27,512)	(24,643)
(Decrease) increase in				
- trade and other payables	(326,206)	284,038	31,562	(25,251)
Net Cash Flow from Operating Activities	58,756	425,897	542,385	453,113
Investing Activities				
Purchase of plant and equipment	8	(19,369)	(48,763)	(50,845)
Net Cash Flow from Investing Activities		(19,369)	(48,763)	(50,845)
Financing Activities				
Repayment of term loans		(178,572)	(59,524)	(357,144)
Increase (decrease) in revolving bank loans		20,550	(90,673)	20,550
Interest paid		(49,287)	(53,230)	(97,795)
Net Cash Flow from Financing Activities		(207,309)	(203,427)	(434,389)
Net (Decrease) Increase in Cash and Cash Equivalents		(167,922)	173,707	57,151
Cash and Cash Equivalents at the Beginning of the Period		349,750	27,589	124,677
Cash and Cash Equivalents at the End of the Period		181,828	201,296	181,828

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

WESTBOND ENTERPRISES CORPORATION

Notes to the Interim Consolidated Financial Statements

September 30, 2017 and 2016

(Canadian Dollars)

(unaudited)

1. GENERAL INFORMATION

WestBond Enterprises Corporation and its wholly owned subsidiary, WestBond Industries Inc., (together, the company) are a paper manufacturer and converter that manufactures disposable products for medical, hygienic and industrial uses. The company's manufacturing facilities are in Canada and its sales are primarily to Canada and the United States of America. The company is incorporated in British Columbia, Canada, and has its principal place of business at 101 – 7403 Progress Way, Delta, British Columbia.

The interim consolidated financial statements of the company for the three and six month periods ended September 30, 2017 were approved and authorized for issue by resolution of the directors on November 15, 2017.

2. BASIS OF PREPARATION AND INTERIM PERIOD REPORTING

The interim consolidated financial statements of the company have been prepared in compliance with International Accounting Standard 34, *Interim Financial Reporting*, ("IAS 34"). The policies applied in these interim consolidated financial statements are based on International Financial Reporting Standards ("IFRS") issued and outstanding as of the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the company's annual consolidated financial statements for the year ending March 31, 2018 could result in restatement of these interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The same accounting policies and methods of computation were followed in the preparation of these interim consolidated financial statements as in the consolidated financial statements for the year ended March 31, 2017.

The disclosure contained in these interim consolidated financial statements is condensed and includes only selected explanatory notes and does not duplicate or repeat disclosure reported in the consolidated financial statements for the year ended March 31, 2017 that has not changed materially since their date of issue. Accordingly, these interim consolidated financial statements should only be read in conjunction with the consolidated financial statements of the company for the year ended March 31, 2017.

3. TERM BANK LOANS

During the six months ended September 30, 2017 the final payment of the balance of principal on the company's term bank loan was extended to August 2019.

4. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2017, the company incurred total compensation, comprising short-term employee benefits, of \$179,326 (2016 – \$180,173), to the directors and officers of the company and incurred \$3,913 (2016 – \$7,089) of legal fees in the normal course of operations with a firm in which a director of the company is a partner.

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
September 30, 2017 and 2016
Canadian Dollars
(unaudited)

	Three months ended September 30		Six months ended September 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
5. COST OF SALES				
Materials	1,198,355	1,087,795	2,533,810	2,209,755
Production labour	208,836	209,481	405,754	416,397
Factory overhead labour	107,794	107,760	220,744	216,855
Variable overhead	57,025	80,393	140,573	165,138
Fixed overhead	125,544	126,211	253,264	248,192
Depreciation	175,006	179,158	348,517	355,424
	1,872,560	1,790,798	3,902,662	3,611,761
6. SELLING AND DISTRIBUTION EXPENSES				
Shipping	176,015	154,859	329,475	321,274
Wages, commissions and other employee benefits	29,231	26,707	56,970	50,420
Other	2,348	2,937	9,561	5,666
	207,594	184,503	396,006	377,360
7. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	34,422	46,905	72,476	91,490
Corporate promotion	5,129	2,145	5,917	3,627
Professional fees	12,636	14,316	26,291	27,489
Salaries and other employee benefits	93,650	98,977	204,782	205,424
	145,837	162,343	309,466	328,030
8. NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in accounts payable related to purchase of plant and equipment	(1,580)	(21,729)	(13,777)	(6,834)