



WESTBOND ENTERPRISES CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2018 and 2017

(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, 2018 and 2017 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 2018	March 31 2018
	Notes	\$	\$
ASSETS			
Non-Current Assets			
Plant and equipment		8,021,950	8,168,099
Lease deposits		18,012	18,012
Deferred tax asset		-	5,594
		<u>8,039,962</u>	<u>8,191,705</u>
Current Assets			
Inventory		1,067,907	991,503
Trade and other receivables		1,323,135	1,117,994
Prepaid expenses		91,558	56,414
Cash and cash equivalents		496,682	402,293
		<u>2,979,282</u>	<u>2,568,204</u>
Total Assets		<u>11,019,244</u>	<u>10,759,909</u>
EQUITY AND LIABILITIES			
Equity			
Common shares issued and outstanding		3,883,225	3,883,225
Stock options		88,985	88,985
Contributed surplus		294,089	294,089
Retained earnings	4	<u>1,052,817</u>	<u>902,943</u>
Equity attributable to common shareholders		<u>5,319,116</u>	<u>5,169,242</u>
Liabilities			
Non-Current Liabilities			
Term bank loans	5	2,797,612	3,154,756
Unrealized loss on interest rate swaps		13,638	14,495
Deferred operating lease liability		179,464	163,693
Deferred tax liability		<u>843,155</u>	<u>760,986</u>
		<u>3,833,869</u>	<u>4,093,930</u>
Current Liabilities			
Term bank loans		714,288	714,288
Trade and other payables		<u>1,151,971</u>	<u>782,449</u>
		<u>1,866,259</u>	<u>1,496,737</u>
Total Liabilities		<u>5,700,128</u>	<u>5,590,667</u>
Total Equity and Liabilities		<u>11,019,244</u>	<u>10,759,909</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	
		2018	2017	2018	2017
		\$	\$	\$	\$
Sales		2,725,671	2,309,657	5,590,411	4,808,535
Cost of sales	6	2,222,413	1,872,560	4,405,581	3,902,662
Gross Profit		503,258	437,097	1,184,830	905,873
Selling and distribution expenses	7	207,232	207,594	452,210	396,006
General and administrative expenses	8	170,455	145,837	341,969	309,466
Operating Profit		125,571	83,666	390,651	200,401
Foreign exchange gain		(3,366)	(5,508)	(2,364)	(15,246)
Proceeds from business interruption insurance claim		-	(61,808)	-	(61,808)
Interest expense		35,371	49,623	72,070	96,822
Unrealized loss (gain) on interest rate swaps		6,456	-	(857)	-
Profit Before Tax		87,110	101,359	321,802	180,633
Income tax expense		25,976	27,184	87,763	48,176
Profit and Comprehensive Income		61,134	74,175	234,039	132,457
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	0.002	0.007	0.004

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

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, 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
Balance as at March 31, 2018	3,883,225	88,985	294,089	902,943	5,169,242
Dividends paid	-	-	-	(84,165)	(84,165)
Profit for the period	-	-	-	234,039	234,039
Balance as at September 30, 2018	3,883,225	88,985	294,089	1,052,817	5,319,116

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		Six months ended	
	September 30		September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
Operating Activities				
Profit	61,134	74,175	234,039	132,457
Adjustments to reconcile profit to cash flows from operating activities				
- depreciation	174,371	178,112	342,760	354,780
- deferred operating lease liability	7,885	7,886	15,771	15,771
- unrealized loss (gain) on interest rate swaps	6,456	-	(857)	-
- interest expense	35,371	49,623	72,070	96,822
- income tax expense	25,976	27,184	87,763	48,176
- income tax refunded	-	1,594	-	1,594
Cash flows from operating activities before changes in non-cash working capital	311,193	338,574	751,546	649,600
(Increase) decrease in				
- inventory	(130,222)	65,555	(76,404)	133,024
- trade and other receivables	(2,196)	26,212	(205,141)	(244,289)
- prepaid expenses	(51,448)	(45,379)	(35,144)	(27,512)
Increase in				
- trade and other payables	175,929	(326,206)	401,777	31,562
Net Cash Flow from Operating Activities	303,256	58,756	836,634	542,385
Investing Activities				
Purchase of plant and equipment	9	(125,385)	(19,369)	(222,995)
Financing Activities				
Dividends paid	(84,165)	-	(84,165)	-
Repayment of term loans	(178,572)	(178,572)	(357,144)	(357,144)
Increase in revolving bank loans	-	20,550	-	20,550
Interest paid	(35,371)	(49,287)	(77,941)	(97,795)
Net Cash Flow from Financing Activities	(298,108)	(207,309)	(519,250)	(434,389)
Net (Decrease) Increase in Cash and Cash Equivalents	(120,237)	(167,922)	94,389	57,151
Cash and Cash Equivalents at the Beginning of the Period	616,919	349,750	402,293	124,677
Cash and Cash Equivalents at the End of the Period	496,682	181,828	496,682	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, 2018 and 2017

(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 supplies disposable paper 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, 2018 were approved and authorized for issue by resolution of the directors on November 19, 2018.

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, 2019 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, 2018.

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, 2018 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, 2018.

3. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2018 the company incurred total compensation, comprising short-term employee benefits, of \$200,585 (2017 – \$179,326), to the directors and officers of the company and incurred \$7,426 (2017 – \$3,913) of legal fees in the normal course of operations with a firm in which a director of the company is a partner.

4. SUBSEQUENT EVENT

Subsequent to September 30, 2018 the company declared a dividend of \$0.0025 per share payable on December 20, 2018 to shareholders of record on December 5, 2018.

5. TERM BANK LOAN

The final payment of the term bank loan was extended to August 22, 2020 during the nine months ended September 30, 2018.

WESTBOND ENTERPRISES CORPORATION
Notes to the Interim Consolidated Financial Statements
September 30, 2018 and 2017
Canadian Dollars
(unaudited)

	Three months ended		Six months ended	
	September 30		September 30	
	2018	2017	2018	2017
	\$	\$	\$	\$
6. COST OF SALES				
Materials	1,461,945	1,198,355	2,920,876	2,533,810
Production labour	235,463	208,836	465,627	405,754
Factory overhead labour	117,421	107,794	226,985	220,744
Variable overhead	103,942	57,025	196,077	140,573
Fixed overhead	131,757	125,544	258,852	253,264
Depreciation	171,885	175,006	337,164	348,517
	<u>2,222,413</u>	<u>1,872,560</u>	<u>4,405,581</u>	<u>3,902,662</u>
7. SELLING AND DISTRIBUTION EXPENSES				
Shipping	176,860	176,015	388,276	329,475
Wages, commissions and other employee benefits	26,951	29,231	56,535	56,970
Other	3,421	2,348	7,399	9,561
	<u>207,232</u>	<u>207,594</u>	<u>452,210</u>	<u>396,006</u>
8. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	36,985	34,422	74,714	72,476
Corporate promotion	4,393	5,129	5,455	5,917
Professional fees	16,810	12,636	31,621	26,291
Salaries and other employee benefits	112,267	93,650	230,179	204,782
	<u>170,455</u>	<u>145,837</u>	<u>341,969</u>	<u>309,466</u>
9. NON-CASH INVESTING ACTIVITIES				
Decrease in accounts payable related to purchase of plant and equipment	<u>(49,207)</u>	<u>(1,580)</u>	<u>(26,384)</u>	<u>(13,777)</u>