



# ***WESTBOND ENTERPRISES CORPORATION***

## ***INTERIM CONSOLIDATED FINANCIAL STATEMENTS***

***September 30, 2021 and 2020***

***(Unaudited – See Notice to Reader)***

**WestBond Enterprises Corporation**  
101 – 7403 Progress Way, Delta, BC Canada V4G 1E7  
Tel: 604-940-3939 Fax: 604-940-9161  
[www.WestBond.ca](http://www.WestBond.ca) [info@WestBond.ca](mailto:info@WestBond.ca)



***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, 2021 and 2020 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)

	Notes	September 30 2021 \$	March 31 2021 \$
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Plant and equipment		8,847,460	9,007,166
Right-of-use assets		2,241,125	2,380,010
Deferred tax asset		17,683	12,594
Other non-current assets		15,195	19,993
		<u>11,121,463</u>	<u>11,419,763</u>
<b>Current Assets</b>			
Inventory		1,752,189	1,741,869
Trade and other receivables		1,458,834	805,018
Income tax recoverable		205	-
Prepaid expenses		155,990	117,015
Cash and cash equivalents		236,044	1,466,071
		<u>3,603,262</u>	<u>4,129,973</u>
<b>Total Assets</b>		<u><u>14,724,725</u></u>	<u><u>15,549,736</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Common shares issued and outstanding	4	4,206,910	4,206,910
Stock options		98,700	98,700
Contributed surplus		294,089	294,089
Retained earnings	5	2,928,424	3,388,899
<b>Equity attributable to common shareholders</b>		<u>7,528,123</u>	<u>7,988,598</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Term bank loans		654,748	1,011,892
Unrealized loss on interest rate swap		20,511	36,599
Lease liability		2,184,602	2,296,595
Deferred tax liability		1,983,967	1,979,650
		<u>4,843,828</u>	<u>5,324,736</u>
<b>Current Liabilities</b>			
Revolving bank loans		502,946	-
Term bank loans		714,288	714,288
Lease liability		222,343	217,423
Income tax payable		-	250,323
Trade and other payables		913,197	1,054,368
		<u>2,352,774</u>	<u>2,236,402</u>
<b>Total Liabilities</b>		<u>7,196,602</u>	<u>7,561,138</u>
<b>Total Equity and Liabilities</b>		<u><u>14,724,725</u></u>	<u><u>15,549,736</u></u>
<b>Commitments</b>			

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

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

	Notes	Three months ended		Six months ended	
		September 30		September 30	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>Sales</b>	4	2,942,297	3,268,300	5,650,788	5,223,641
<b>Cost of sales</b>	5	2,232,904	2,182,005	4,363,152	3,838,359
<b>Gross Profit</b>		709,393	1,086,295	1,287,636	1,385,282
<b>Selling and distribution expenses</b>	6	224,609	207,634	456,656	393,942
<b>General and administrative expenses</b>	7	206,908	186,230	417,715	367,416
<b>Operating Profit (Loss)</b>		277,876	692,431	413,265	623,924
<b>Foreign exchange (gain) loss</b>		(5,734)	3,065	(9,610)	4,459
<b>Interest expense on bank loans</b>		15,894	22,184	33,108	45,084
<b>Interest expense on lease liability</b>		27,181	29,556	54,661	59,359
<b>Canada Emergency Wage Subsidy</b>		-	(88,142)	-	(204,710)
<b>Unrealized gain on interest rate swap</b>		(7,121)	(8,827)	(16,088)	(10,855)
<b>Profit Before Tax</b>		247,656	734,595	351,194	730,587
<b>Income tax expense</b>		65,303	196,304	99,153	195,110
<b>Profit and Comprehensive Income</b>		182,353	538,291	252,041	535,477
<b>Weighted average shares outstanding</b>		35,625,800	35,515,800	35,625,800	35,515,800
<b>Earnings per share, basic and fully diluted</b>		0.005	0.015	0.007	0.015

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
	\$	\$	\$	\$	\$
<b>Balance as at March 31, 2020</b>	4,138,710	-	294,089	1,458,218	5,891,017
<b>Profit for the period</b>	-	-	-	535,477	535,477
<b>Balance as at September 30, 2020</b>	4,138,710	-	294,089	1,993,695	6,426,494
<b>Balance as at March 31, 2021</b>	4,206,910	98,700	294,089	3,388,899	7,988,598
<b>Dividends paid, \$0.02 per share</b>	-	-	-	(712,516)	(712,516)
<b>Profit for the period</b>	-	-	-	252,041	252,041
<b>Balance as at September 30, 2021</b>	4,206,910	98,700	294,089	2,928,424	7,528,123

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		
	2021	2020	2021	2020	
	\$	\$	\$	\$	
<b>Operating Activities</b>					
Profit	182,353	538,291	252,041	535,477	
Adjustments to reconcile profit to cash flows from operating activities					
- depreciation of plant and office equipment	187,017	167,338	375,872	333,642	
- depreciation of right-of-use assets	69,822	69,822	138,885	138,885	
- unrealized gain on interest rate swap	(7,121)	(8,827)	(16,088)	(10,855)	
- interest expense on bank loans	15,894	22,184	33,108	45,084	
- interest expense on lease liabilities	27,181	29,556	54,661	59,359	
- income tax expense	65,303	196,304	99,153	195,110	
- income tax paid	(75,096)	-	(350,451)	-	
Cash flows from operating activities before changes in non-cash working capital	465,353	1,014,668	587,181	1,296,702	
Decrease (increase) in					
- inventory	(48,071)	32,903	(10,320)	(518,654)	
- trade and other receivables	(261,225)	(533,730)	(649,018)	317,345	
- prepaid expenses	(78,432)	(309,599)	(39,199)	(291,501)	
Increase (decrease) in					
- trade and other payables	(60,848)	230,903	(163,750)	(38,919)	
Net Cash Flow from Operating Activities	16,777	435,145	(275,106)	764,973	
<b>Investing Activities</b>					
Purchase of plant and equipment	8	(55,046)	(423,640)	(192,891)	(577,275)
<b>Financing Activities</b>					
Repayment of term bank loans	(178,572)	(178,572)	(357,144)	(357,144)	
Interest paid on bank loans	(15,705)	(21,835)	(32,884)	(42,308)	
Increase in revolving bank loans	295,995	150,186	502,946	150,186	
Interest portion of lease payments	(27,378)	(29,738)	(55,359)	(59,268)	
Principal portion of lease payments	(53,837)	(51,478)	(107,073)	(103,165)	
Dividends paid	-	-	(712,516)	-	
Net Cash Flow from Financing Activities	20,503	(131,437)	(762,030)	(411,699)	
<b>Net Decrease in Cash and Cash Equivalents</b>	(17,766)	(119,932)	(1,230,027)	(224,001)	
<b>Cash and Cash Equivalents at the Beginning of the Period</b>	253,810	289,982	1,466,071	394,051	
<b>Cash and Cash Equivalents at the End of the Period</b>	236,044	170,050	236,044	170,050	

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, 2021 and 2020

(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, 2021 were approved and authorized for issue by resolution of the directors on November 24, 2021.

### 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, 2022 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, 2021.

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, 2021 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, 2021.

### 3. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2021 the company incurred total compensation, comprising short-term employee benefits, of \$226,710 (2020 – \$200,489), to the directors and officers of the company and incurred \$4,280 (2020 – \$8,400) of legal fees in the normal course of operations with a firm in which a director of the company is associated.

**WESTBOND ENTERPRISES CORPORATION**  
**Notes to the Interim Consolidated Financial Statements**  
**September 30, 2021 and 2020**  
**Canadian Dollars**  
**(unaudited)**

	Three months ended		Six months ended	
	September 30		September 30	
	2021	2020	2021	2020
	\$	\$	\$	\$
<b>4. SALES</b>				
Personal hygiene products	633,868	570,685	1,237,612	1,283,144
Clinical products	405,541	380,753	878,453	694,590
Wipes	378,979	1,943,332	858,623	2,670,327
Non-wipe air laid products	1,488,403	366,716	2,622,367	552,639
Other products	35,506	6,814	53,733	22,941
	<u>2,942,297</u>	<u>3,268,300</u>	<u>5,650,788</u>	<u>5,223,641</u>
<b>5. COST OF SALES</b>				
Materials	1,369,655	1,404,430	2,685,882	2,326,767
Production labour	270,732	257,943	517,614	447,063
Factory overhead labour	126,057	120,281	249,963	266,740
Variable overhead	151,430	116,603	293,432	229,974
Fixed overhead	65,199	52,289	115,297	108,640
Depreciation of plant equipment	184,757	165,385	371,523	329,734
Depreciation of right-of-use assets	65,074	65,074	129,441	129,441
	<u>2,232,904</u>	<u>2,182,005</u>	<u>4,363,152</u>	<u>3,838,359</u>
<b>6. SELLING AND DISTRIBUTION EXPENSES</b>				
Shipping	180,430	157,266	362,592	308,374
Wages, commissions and other employee benefits	32,014	38,932	56,194	57,907
Other	12,165	11,436	37,870	27,661
	<u>224,609</u>	<u>207,634</u>	<u>456,656</u>	<u>393,942</u>
<b>7. GENERAL AND ADMINISTRATIVE EXPENSES</b>				
Administration and office	32,049	31,794	61,527	58,223
Corporate promotion	2,167	2,585	3,092	3,460
Depreciation of right-of-use assets	4,748	4,748	9,444	9,444
Impairment (gain) loss on trade receivables	(341)	-	(805)	18,311
Professional fees	17,830	17,024	36,230	36,800
Salaries and other employee benefits	150,455	130,079	308,227	241,178
	<u>206,908</u>	<u>186,230</u>	<u>417,715</u>	<u>367,416</u>
<b>8. NON-CASH INVESTING ACTIVITIES</b>				
Increase (decrease) in accounts payable related to purchase of plant and equipment	22,590	11,245	23,275	46,729