



WESTBOND ENTERPRISES CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

(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, 2023 and 2022 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	March 31
	2023	2023
	\$	\$
ASSETS		
Non-Current Assets		
Plant and equipment	7,960,152	8,192,735
Right-of-use assets	1,687,105	1,825,989
Deferred tax asset	53,949	41,777
	9,701,206	10,060,501
Current Assets		
Inventory	2,031,546	1,809,934
Trade and other receivables	1,546,979	1,082,042
Prepaid expenses	124,583	394,757
Cash and cash equivalents	99,690	73,471
	3,802,799	3,360,205
Total Assets	13,504,005	13,420,706
EQUITY AND LIABILITIES		
Equity		
Common shares issued and outstanding	4,206,910	4,206,910
Stock options	67,200	81,200
Contributed surplus	325,589	311,589
Retained earnings	3,237,025	3,231,637
Equity attributable to common shareholders	7,836,724	7,831,336
Liabilities		
Non-Current Liabilities		
Lease liability	1,657,871	1,794,257
Deferred tax liability	1,953,618	2,041,727
	3,611,489	3,835,984
Current Liabilities		
Revolving bank loans	780,000	12,351
Term bank loans	-	297,783
Lease liability	270,194	264,215
Income tax payable	204,379	322,449
Trade and other payables	801,219	856,588
	2,055,792	1,753,386
Total Liabilities	5,667,281	5,589,370
Total Equity and Liabilities	13,504,005	13,420,706

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	
		2023	2022	2023	2022
		\$	\$	\$	\$
Sales	5	2,718,170	2,898,116	5,085,008	6,219,534
Cost of sales	6	2,321,940	2,155,998	4,559,183	4,886,005
Gross Profit		396,230	742,118	525,825	1,333,529
Selling and distribution expenses	7	46,417	250,663	90,813	68,384
General and administrative expenses	8	201,142	202,208	349,957	397,728
Operating Profit (Loss)		148,671	289,247	85,055	867,417
Foreign exchange (gain) loss		9,273	5,128	7,748	(14,260)
Interest expense-bank loans		14,319	7,943	24,230	17,831
Interest expense on lease liability		21,859	24,699	44,202	49,750
Unrealized loss on interest rate swap		-	(477)	-	(5,460)
Profit (Loss) Before Tax		103,220	251,954	8,875	819,556
Income tax expense		28,457	69,031	3,486	221,281
Profit (Loss) and Comprehensive Income		74,763	182,923	5,389	598,275
Weighted average shares outstanding		35,625,800	35,625,800	35,625,800	35,625,800
Earnings per share, basic and fully diluted		0.002	0.005	0.000	0.017

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, 2022	4,206,910	98,700	294,089	3,191,474	7,791,173
Profit for the period	-	-	-	598,275	598,275
Balance as at September 30, 2022	4,206,910	98,700	294,089	3,789,749	8,389,448
Balance as at March 31, 2023	4,206,910	81,200	311,589	3,231,636	7,831,335
Forfeiture of stock options	-	(14,000)	14,000	-	-
Profit (Loss) for the period	-	-	-	5,389	5,389
Balance as at September 30, 2023	4,206,910	67,200	325,589	3,237,025	7,836,724

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	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating Activities				
Profit (Loss)	74,763	182,923	5,389	415,352
Adjustments to reconcile profit to cash flows from operating activities				
- depreciation of plant and office equipment	251,928	208,840	492,936	200,894
- depreciation of right-of-use assets	69,822	69,822	138,884	69,062
- unrealized gain on interest rate swap	-	(477)	-	(4,983)
- interest expense on bank loans	14,319	7,943	24,230	9,888
- interest expense on lease liabilities	21,859	24,699	44,202	25,051
- income tax expense	28,457	69,031	3,486	152,250
- income tax recovered (paid)	(200,326)	142,765	(221,836)	(21,510)
Cash flows from operating activities before changes in non-cash working capital	260,822	705,546	487,291	846,004
Decrease (increase) in				
- inventory	(29,334)	4,504	(221,612)	(42,627)
- trade and other receivables	37,256	(37,394)	(464,937)	33,570
- prepaid expenses	86,279	(80,056)	270,174	35,535
- trade and other payables	(121,917)	(79,963)	(56,115)	209,112
Net Cash Flow from Operating Activities	233,106	512,637	14,800	1,081,594
Investing Activities				
Purchase of plant and equipment	9	(101,836)	(153,361)	(266,656)
Net Cash Flow from Investing Activities	(101,836)	(153,361)	(266,656)	(41,067)
Financing Activities				
Repayment of term bank loans	(116,944)	(178,572)	(297,783)	(178,572)
Interest paid on bank loans	(14,319)	(8,292)	(24,230)	(9,729)
Increase (decrease) in revolving bank loans	167,004	-	767,649	(86,537)
Interest portion of lease payments	(22,099)	(15,410)	(37,155)	(26,355)
Principal portion of lease payments	(65,570)	(56,311)	(130,407)	(55,682)
Dividends paid	-	(178,129)	-	(178,129)
Net Cash Flow from Financing Activities	(51,928)	(436,714)	278,074	(535,004)
Net Increase (Decrease) in Cash and Cash Equivalents	79,341	(77,438)	26,200	505,523
Cash and Cash Equivalents at the Beginning of the Period	20,349	773,593	73,490	268,070
Cash and Cash Equivalents at the End of the Period	99,690	696,155	99,690	773,593

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, 2023 and 2022

(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 the medical, personal hygiene and food service/hospitality markets. 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, 2023 were approved and authorized for issue by resolution of the directors on November 22, 2023.

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, 2024 could result in restatement of these interim consolidated financial statements. The interim consolidated financial statements have been prepared under the historical cost convention.

The company notes that there is a change in the classification of "Shipping" costs in our financial reports starting in quarter ended June 30, 2023. Upon our external auditor's recommendation, we have added shipping costs to the Cost of sales category and removed it from Selling and distribution expenses category. For equitable comparison, in this report we have adjusted all numbers reported in previous periods to reflect this change.

Except for the allocation of the Shipping cost, as explained above, 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, 2023.

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, 2023 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, 2023.

3. RELATED PARTY TRANSACTIONS

During the six months ended September 30, 2023 the company incurred total compensation, comprising short-term employee benefits, of \$186,920 (2022 – \$201,595), to the directors and officers of the company and incurred \$11,590 (2022 – \$9,796) of legal fees in the normal course of operations with a firm in which a director of the company is associated.

Notes to the Interim Consolidated Financial Statements
September 30, 2023 and 2022
Canadian Dollars
(unaudited)

	Three months ended		Six months ended	
	September 30		September 30	
	2023	2022	2023	2022
	\$	\$	\$	\$
5. SALES				
Personal hygiene products	647,459	727,671	1,337,489	1,196,811
Clinical products	434,934	265,522	935,967	652,319
Wipes	659,593	425,917	1,156,916	910,073
Non-wipe air laid products	966,286	1,476,674	1,584,710	3,452,316
Other products	9,898	2,332	69,926	8,015
	<u>2,718,170</u>	<u>2,898,116</u>	<u>5,085,008</u>	<u>6,219,534</u>
6. COST OF SALES				
Materials	1,202,920	1,324,424	2,344,617	2,747,869
Production labour	257,701	220,672	521,813	462,243
Factory overhead labour	121,265	116,819	245,946	236,789
Variable overhead	118,036	149,630	232,301	321,780
Fixed overhead	77,536	72,649	159,021	145,332
Shipping	230,389	216,031	438,902	437,074
Depreciation of plant equipment	249,019	206,730	487,143	405,478
Depreciation of right-of-use assets	65,074	65,074	129,440	129,440
	<u>2,321,940</u>	<u>2,372,029</u>	<u>4,559,183</u>	<u>4,886,005</u>
7. SELLING AND DISTRIBUTION EXPENSES				
Wages, commissions and other employee benefits	38,365	31,962	80,464	61,859
Other	8,052	2,670	10,349	6,525
	<u>46,417</u>	<u>34,632</u>	<u>90,813</u>	<u>68,384</u>
8. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	37,377	39,153	68,172	72,410
Corporate promotion	2,457	3,878	4,225	5,680
Depreciation of right-of-use assets	4,748	4,748	9,444	9,444
Impairment (gain) loss on trade receivables	-	(234)	(50,000)	(490)
Professional fees	28,230	26,335	47,471	49,441
Salaries and other employee benefits	128,330	128,328	270,645	261,243
	<u>201,142</u>	<u>202,208</u>	<u>349,957</u>	<u>397,728</u>
9. NON-CASH INVESTING ACTIVITIES				
Increase (decrease) in accounts payable related to purchase of plant and equipment	(9,442)	20,353	(6,302)	26,444