

XYZ39843213 XYZ56944129 Inc.

Date:

4/6/2024

To the Shareholders/Board of Directors of ABC33134293 XYZ69581465 Inc.

Review Engagement Financial Statements

We have audited the accompanying financial statements of [Company Name], which comprise the balance sheet as of [date], and the related statements of income, changes in equity, and cash flows for the year then ended, and notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [applicable financial reporting framework], and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with [applicable auditing standards], which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ABC33134293 XYZ69581465 Inc. and the results of its operations and its cash flows for the year then ended in accordance with applicable financial reporting framework.

A handwritten signature in black ink, appearing to read "John Smith". The signature is fluid and cursive, with the first name "John" being more prominent than the last name "Smith".

XYZ39843213 XYZ56944129 Inc.
Licenses public Accountants

4/6/2024
Toronto, ON

Combined Statement of Balance Sheets

ABC33134293 XYZ69581465 Inc.

Current Assets	12/31/2023	12/31/2022
Cash	\$28,479	\$46,688
Term Deposits	\$97,883	\$69,958
Inventory	\$2,212	\$18,519
Accounts Receivable	\$12,220	\$17,328
Harminized Sales Tax Receivable	\$67,454	\$88,170
Prepaid Expenses	\$2,455	\$79,615
Deposits	\$40,673	\$1,061
Marketable Securities	\$95,382	\$92,383
Income tax receivable	\$41,550	\$63,042
Interest Receivable	\$87,731	\$89,330
Mortgage Receivable	\$5,435	\$9,669
Dividends Receivable from join venture investments	\$5,469	\$65,833
Loans from related parties	\$34,859	\$72,063
	\$521,802	\$713,659
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$98,412	\$71,809
Due from Shareholders	\$7,463	\$44,868
Due from Related Parties	\$53,827	\$81,771
Investments	\$62,367	\$15,686
Due from Directors	\$6,077	\$40,984
Deposits	\$29,272	\$27,981
Goodwill	\$87,979	\$93,849
Intangible assets	\$4,275	\$67,358
	\$349,672	\$444,306
	\$871,474	\$1,157,965

Current Liabilities

Bank Indebtedness	\$88,051	\$77,314
Short term debt	\$37,719	\$4,934
Accounts Payable and Accrued Liabilities	\$61,119	\$42,890
Income tax payable	\$59,192	\$25,424
Current portion of long term debt	\$37,117	\$61,202
Government remittances payable	\$58,581	\$737
	\$341,779	\$212,501

Non Current Liabilities

Deferred income	\$53,747	\$33,050
Long Term Debt	\$80,525	\$71,351
Due to Shareholders	\$92,674	\$94,642
Obligations under Capital Lease	\$81,626	\$89,144
	\$308,572	\$288,187

Shareholders Equity

Share Capital	\$84,865	\$84,865
Preferred shares	\$463,804	\$99,647
Retained Earnings	-\$327,546	-\$482,437

	\$871,474	\$15,686
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Combined Statement of Income		12/31/2023	12/31/2022
ABC33134293 XYZ69581465 Inc.			
Income			
Total Sales			
Category 4044.		\$1,590,200	\$617,490
Category 83333		\$75,166	\$32,669
Total Sales		\$1,665,366	\$650,159
Cost of Sales		\$899,297	\$526,629
Gross Profit		\$766,068	\$123,530
Expenses			
Selling and recruitment		\$317	\$4,644
Sales and Wages		\$671	\$3,572
Equipment rentals		\$6,227	\$566
Occupancy		\$1,860	\$3,586
Office and General		\$4,964	\$6,301
Interest and bank charges		\$7,795	\$6,488
Software		\$6,396	\$1,094
Vehicle		\$3,493	\$235
Professional fees		\$1,639	\$1,981
Telecommunications		\$1,168	\$9,397
Utilities		\$5,435	\$503
Repairs and maintenance		\$9,974	\$3,999
Depreciation		\$3,636	\$5,241
Interest on long term debt		\$8,576	\$5,047
General and administrative		\$4,846	\$6,908
Loss (gain) on foreign exchange		\$7,132	\$2,355
		\$74,129	\$61,917

Income before other income and income taxes	\$691,939	\$61,613
Other income	\$3,536	\$1,364
Income before taxes	\$688,403	\$60,249
Income taxes	\$172,101	\$15,062
Net income	\$516,302	\$45,187
Dividends paid	\$154,891	\$13,556

ABC33134293 XYZ69581465 Inc.

Statement of Cashflows	12/31/2023	12/31/2022
Operating Activities		
Net Income	\$516,302	\$45,187
Adjustment for items which does not affect cash		
Depreciation	\$3,636	\$5,241
	\$519,938	\$50,428
Change in non-cash working capital items		
Accounts receivable	-\$5,108	\$16,177
Inventory	-\$16,307	\$18,404
Harminized Sales Tax Receivable	-\$20,716	\$81,656
Prepaid expenses	-\$77,160	\$75,794
Deposits	\$39,612	-\$5,157
Income tax receivable	-\$21,492	\$54,196
Accounts Payable and Accrued Liabilities	\$18,229	\$39,403
Income tax payable	\$33,768	\$17,726
Short Term Debt	\$32,785	-\$287
	\$503,549	\$348,340
Financing Activities		
Repayment of long term loan	0	-\$65,171
Proceeds of long term debt	\$9,174	\$63,388
Purchase of new Property Plant and Equipment	-\$30,239	\$0
Proceeds from sale of PP&E	\$0	\$0
Repayment of capital lease obligations	-\$7,518	-\$82,698
Proceeds of long term debt	0	\$80,934
Dividends Paid	-\$154,891	-\$13,556

		-\$183,474	-\$17,103
Investing Activities			
Due to Shareholders		-\$1,968	\$92,996
Due from Related Parties		\$27,944	-\$78,714
Due from Shareholders		\$37,405	-\$35,017
Due from Directors		\$34,907	-\$37,473
		\$98,288	-\$58,208
Increase/ (decrease) in cash		\$418,364	\$273,029
Cash at beginning of year		\$46,688	\$69,431
Cash at end of year		\$465,052	\$342,460

ABC33134293 XYZ69581465 Inc.

Notes to Financial Statements

Year ended:

12/31/2023

Nature of Operations

ABC33134293 XYZ69581465 Inc. is into Steel manufacturing

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for private enterprises. The significant accounting policies are detailed as follows:

(a) Cash

Cash consists of balances with financial institutions

(b) Inventory

Inventory is measured as lower of cost and net realizable value

(c) Property, plant and equipment

Property plant and equipment are recorded at cost. The company provides for amortization by using the straight line method

2. Cash and bank debt

ASDSD BANK has provided the Company with committed revolving facility loan which bears a floating interest at ASDSD BANK's prime rate

The revolving credit facility is secured by general security agreement issued by the company under the common control, representing a first charge on all present and after acquired personal property. The total carrying amount of assets pledged as collateral under the GSA is \$1043604

3. Inventory

	12/31/2023	12/31/2022
finished Goods	\$958	\$8,685
Raw Material	\$1,006	\$9,093
Packaging and Labels	\$248	\$741
	\$2,212	\$18,519

4. Related party balances and transactions

The following table summarizes the amounts due from and to related parties. Related parties are controlled by one or more directors of the Company

(a) Due from related parties

	12/31/2023	12/31/2022
ABC International Inc	\$22,392	\$40,190
ASD International Inc	\$31,435	\$41,581
	\$53,827	\$81,771

(b) Due from Shareholders

	12/31/2023	12/31/2022
Shareholder 1	\$3,474	\$22,075
Shareholder 2	\$3,989	\$22,793
	\$7,463	\$44,868

(c) Due from Directors

	12/31/2023	12/31/2022
Director 1	\$2,449	\$16,394
Director 2	\$3,628	\$24,590
	\$6,077	\$40,984

(d) Due to Shareholders	12/31/2023	12/31/2022
Shareholder 1	\$37,904	\$40,223
Shareholder 2	\$54,770	\$54,419
	\$92,674	\$94,642

5. Property, plant and equipment

			12/31/2023
	Cost	Depreciation	Net Book Value
F&F	\$30,614	\$1,091	\$29,524
L H	\$20,410	\$727	\$19,682
Machi	\$20,410	\$727	\$19,682
L&B	\$30,614	\$1,091	\$29,524
	\$102,048	\$3,636	\$98,412

6. Long Term Debt

	12/31/2023	12/31/2022
ASDSD BANK Term Loan payable monthly with interest rate of 6.47%	\$40,351	\$45,466
ASDSD BANK Term Loan payable monthly with interest rate of 9.83%	\$77,291	\$87,087
	\$117,642	\$132,553

These term loans are secured by charge on all assets of the company. We note that the company is in compliance of all financial covenants stipulated by the the lender

7. Share Capital

Issued	12/31/2023	12/31/2022
Common Shares - shareholder 1	\$36,577	\$38,486

Common Shares - shareholder 2	\$48,288	\$46,379
	\$84,865	\$84,865

9. The entity's ability to continue as a going concern - CoVid 19

It is the management's view that there is not a material uncertainty related to the effect of CoVid 19 that may cast significant doubt on the company's ability to continue as a going concern

10. Commitments

The Company has leased premises under various operating leases at annual base rentals as follows:

Dec 31, 2024	\$1,953
Dec 31, 2025	\$2,051
Dec 31, 2026	\$2,153
Dec 31, 2027	\$2,261
	\$8,418

10. Financial Instruments

(a) Foreign exchange risk

Company is exposed to foreign exchange risk in US Dollars and Euros owing to their sale and purchase of goods from the United States and various countries in Europe.

(b) Currency Risk

Company is exposed to currency risk baed on Canadian Dollar's fluctuation with US Dollars

(c) Credit Risk

No change in Credit Risk versus prior year. We do note an one of the key customers - DFD Ltd.- who has filed for Bankruptcy

