

XYZ83002360 XYZ59426888 Inc.

Date:

4/6/2024

To the Shareholders/Board of Directors of ABC91929738 XYZ14584462 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 ABC91929738 XYZ14584462 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".

XYZ83002360 XYZ59426888 Inc.  
Licenses public Accountants

4/6/2024  
Toronto, ON

Combined Statement of Balance Sheets  
ABC91929738 XYZ14584462 Inc.

Current Assets	12/31/2023	12/31/2022
Cash	\$29,782	\$86,906
Term Deposits	\$25,122	\$94,737
Inventory	\$16,292	\$77,239
Accounts Receivable	\$83,657	\$41,895
Harminized Sales Tax Receivable	\$33,038	\$1,493
Prepaid Expenses	\$21,624	\$55,616
Deposits	\$97,184	\$2,319
Marketable Securities	\$40,247	\$1,972
Income tax receivable	\$11,886	\$52,699
Interest Receivable	\$64,900	\$82,108
Mortgage Receivable	\$18,365	\$23,827
Dividends Receivable from join venture investments	\$89,966	\$27,764
Loans from related parties	\$94,707	\$10,294
	\$626,770	\$558,869
Non Current Assets		
Property and Equipment (Net of Accumulated Depreciation)	\$84,250	\$20,972
Due from Shareholders	\$28,601	\$78,395
Due from Related Parties	\$69,785	\$89,279
Investments	\$27,812	\$54,498
Due from Directors	\$93,121	\$85,866
Deposits	\$5,029	\$79,767
Goodwill	\$46,497	\$73,681
Intangible assets	\$92,836	\$8,936
	\$447,931	\$491,394
	\$1,074,701	\$1,050,263

Current Liabilities

Bank Indebtedness	\$6,422	\$54,815
Short term debt	\$23,566	\$48,714
Accounts Payable and Accrued Liabilities	\$77,948	\$33,539
Income tax payable	\$59,899	\$78,894
Current portion of long term debt	\$46,942	\$63,222
Government remittances payable	\$63,183	\$65,532
	\$277,960	\$344,716

Non Current Liabilities

Deferred income	\$67,859	\$36,542
Long Term Debt	\$27,792	\$51,579
Due to Shareholders	\$82,861	\$26,366
Obligations under Capital Lease	\$12,060	\$84,891
	\$190,572	\$199,378

Shareholders Equity

Share Capital	\$51,791	\$51,791
Preferred shares	\$206,913	\$94,802
Retained Earnings	\$347,465	-\$370,367

	\$1,074,701	\$54,498
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Combined Statement of Income		12/31/2023	12/31/2022
ABC91929738 XYZ14584462 Inc.			
Income			
Total Sales			
Category 71480		\$6,125,410	\$5,866,570
Category 88141		\$33,462	\$64,237
Total Sales		\$6,158,872	\$5,930,807
Cost of Sales		\$2,894,670	\$5,041,186
Gross Profit		\$3,264,202	\$889,621
Expenses			
Selling and recruitment		\$3,841	\$1,039
Sales and Wages		\$5,251	\$5,175
Equipment rentals		\$6,244	\$2,201
Occupancy		\$3,477	\$3,741
Office and General		\$686	\$5,299
Interest and bank charges		\$4,667	\$9,038
Software		\$2,329	\$2,629
Vehicle		\$5,908	\$8,787
Professional fees		\$3,844	\$2,768
Telecommunications		\$2,439	\$1,671
Utilities		\$9,891	\$7,832
Repairs and maintenance		\$8,324	\$8,795
Depreciation		\$975	\$9,392
Interest on long term debt		\$6,457	\$104
General and administrative		\$26	\$5,068
Loss (gain) on foreign exchange		\$2,804	\$7,191
		\$67,163	\$80,730

Income before other income and income taxes	\$3,197,039	\$808,891
Other income	\$6,673	\$7,886
Income before taxes	\$3,190,366	\$801,005
Income taxes	\$797,591	\$200,251
Net income	\$2,392,774	\$600,754
Dividends paid	\$717,832	\$180,226

ABC91929738 XYZ14584462 Inc.

Statement of Cashflows	12/31/2023	12/31/2022
Operating Activities		
Net Income	\$2,392,774	\$600,754
Adjustment for items which does not affect cash		
Depreciation	\$975	\$9,392
	\$2,393,749	\$610,146
Change in non-cash working capital items		
Accounts receivable	\$41,762	\$34,681
Inventory	-\$60,947	\$72,656
Harminized Sales Tax Receivable	\$31,545	-\$1,857
Prepaid expenses	-\$33,992	\$52,027
Deposits	\$94,865	\$151
Income tax receivable	-\$40,813	\$43,897
Accounts Payable and Accrued Liabilities	\$44,409	\$30,255
Income tax payable	-\$18,995	\$68,986
Short Term Debt	-\$25,148	\$42,857
	\$2,426,435	\$953,799
Financing Activities		
Repayment of long term loan	-\$23,787	-\$49,033
Proceeds of long term debt	0	\$50,788
Purchase of new Property Plant and Equipment	-\$64,253	\$0
Proceeds from sale of PP&E	\$0	\$12,329
Repayment of capital lease obligations	-\$72,831	-\$75,445
Proceeds of long term debt	0	\$78,934
Dividends Paid	-\$717,832	-\$180,226

		-878,703	-162,653
Investing Activities			
Due to Shareholders		\$56,495	\$24,781
Due from Related Parties		\$19,494	-\$81,203
Due from Shareholders		\$49,794	-\$74,465
Due from Directors		-\$7,255	-\$84,911
		\$118,528	-\$215,798
Increase/ (decrease) in cash		\$1,666,260	\$575,348
Cash at beginning of year		\$86,906	\$35,825
Cash at end of year		\$1,753,166	\$611,173



ABC91929738 XYZ14584462 Inc.

Notes to Financial Statements

Year ended:

12/31/2023

Nature of Operations

ABC91929738 XYZ14584462 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**

FET BANK has provided the Company with committed revolving facility loan which bears a floating interest at FET 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 \$1253540

### **3. Inventory**

	12/31/2023	12/31/2022
finished Goods	\$7,274	\$33,290
Raw Material	\$7,226	\$35,530
Packaging and Labels	\$1,792	\$8,419
	\$16,292	\$77,239

#### 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
SAS International Inc	\$32,345	\$41,068
LIJ International Inc	\$37,440	\$48,211
	\$69,785	\$89,279

##### (b) Due from Shareholders

	12/31/2023	12/31/2022
Shareholder 1	\$13,614	\$35,160
Shareholder 2	\$14,987	\$43,235
	\$28,601	\$78,395

##### (c) Due from Directors

Director 1	\$43,394	\$42,761
Director 2	\$49,727	\$43,105
	\$93,121	\$85,866

(d) Due to Shareholders	12/31/2023	12/31/2022
Shareholder 1	\$38,406	\$11,285
Shareholder 2	\$44,455	\$15,081
	\$82,861	\$26,366

## 5. Property, plant and equipment

			12/31/2023
	Cost	Depreciation	Net Book Value
F&F	\$25,568	\$293	\$25,275
L H	\$17,045	\$195	\$16,850
Machi	\$17,045	\$195	\$16,850
L&B	\$25,568	\$293	\$25,275
	\$85,225	\$975	\$84,250

## 6. Long Term Debt

	12/31/2023	12/31/2022
FET BANK Term Loan payable monthly with interest rate of 9.64%	\$25,634	\$39,377
FET BANK Term Loan payable monthly with interest rate of 8.56%	\$49,100	\$75,424
	\$74,734	\$114,801

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	\$21,597	\$22,684

Common Shares - shareholder 2	\$30,194	\$29,107
	\$51,791	\$51,791

#### **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	\$3,651
Dec 31, 2025	\$3,833
Dec 31, 2026	\$4,025
Dec 31, 2027	\$4,226
	\$15,736

#### **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

