WestBond Enterprises Corporation

Quarterly Report
December 31, 2019

Management Discussion and Analysis

Dated February 19, 2020 to Accompany the Interim Consolidated Financial Statements for the Three and Nine Month Periods Ended December 31, 2019

Caution Regarding Forward Looking Statements – ***This discussion includes statements about our expectations for the future. We believe that our expectations are reasonable; however, actual outcomes may differ materially from our expectations due to changes in operating performance, availability of and prices for raw materials, availability of trained labour, foreign currency exchange rate fluctuations, unexpected competition, and other technical, market and economic factors.***

Description of Our Business

We, WestBond Enterprises Corporation or the "Company," are a paper manufacturer and converter that supplies disposable paper products to many market segments. A full description of our business and products is contained in the Management Discussion and Analysis included in our 2019 Annual Report. A pdf version of the 2019 Annual Report may be downloaded from our web site at www.westbond.ca or from the SEDAR web site at www.sedar.com. For a printed copy, please contact the Company. Additional information on the Company is also available on our web site and on the SEDAR web-site.

Discussion of Operations and Financial Condition

You should refer to our interim consolidated financial statements for the three and nine month periods ended December 31, 2019 and our consolidated financial statements for the year ended March 31, 2019 while you read this discussion. Those financial statements provide significant material information that is not meant to be, nor is it, included in this discussion. This discussion is meant to provide information not included in the financial statements and an explanation of some of the financial statement information. You should also refer to the Management Discussion and Analysis that was included in our 2019 Annual Report. Information included in that discussion is only up-dated in this discussion. Information that has not changed materially since June 20, 2019, the date of the Management Discussion and Analysis in the 2019 Annual Report, is not repeated here.

Sales were $2,978,487 for the three months ended December 31, 2019, which is 6.8% higher than for the three months ended December 31, 2018 and 0.9% lower than for the three months ended September 30, 2019. We realized a profit of $150,656 ($0.004 per share) for the three months ended December 31, 2019, an increase of 84% over the profit of $81,790 ($0.002 per share) for the same period last year. The increase in both sales and profit is due to expanding sales of non-clinical air laid products.

The table and graph on the next page show the trends over the past eight quarters.

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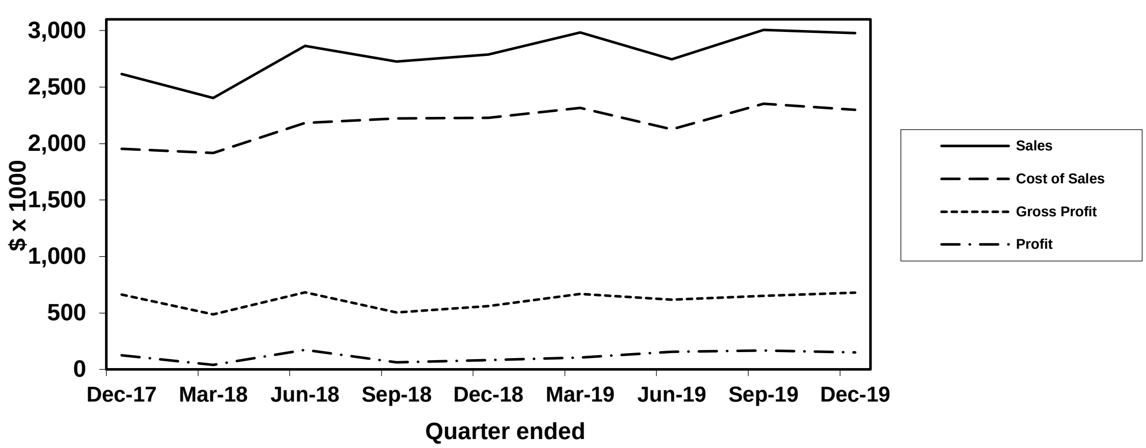
Summary of Quarterly Results

The following table summarises the results of operations for the past eight quarters. We have extracted the data from our consolidated financial statements, which are prepared in Canadian dollars and in accordance with International Financial Reporting Standards.

	Quarters ended							
Cdn$ x 1,000	**Dec 31 2019**	**Sep 30 2019**	**Jun 30 2019**	**Mar 31 2019**	**Dec 31 2018**	**Sep 30 2018**	**Jun 30 2018**	**Mar 31 2018**
Sales	2,978	3,007	2,746	2,985	2,788	2,726	2,865	2,403
Cost of sales	2,298	2,354	2,128	2,317	2,228	2,223	2,183	1,916
Gross profit	680	653	618	668	560	503	682	487
Selling and distribution expenses	249	233	216	220	224	207	245	200
General and administrative expenses	184	178	171	253	168	170	172	174
Operating profit	247	242	231	195	168	126	265	113
Other expenses (income)	44	56	59	43	55	39	30	51
Profit before tax	203	186	172	152	113	87	235	62
Income tax expense	52	49	48	48	31	26	62	21
Profit	151	137	124	104	82	61	173	41
Earnings per share, basic and diluted - Cdn$	0.004	0.004	0.004	0.003	0.002	0.002	0.005	0.001
Dividends paid per share - Cdn$	0.0025	0.0025	0.0025	0.0025	0.0025	0.0025	0.000	0.000
Sales - % change over previous quarter	-0.9	9.5	-8.0	7.1	2.3	-4.9	19.2	-8.2
Costs, expenses and net income - % of Sales								
Cost of sales	77.1	78.3	77.5	77.6	79.9	81.5	76.2	79.7
Selling and distribution expenses	8.3	7.7	7.9	7.4	8.1	7.6	8.5	8.3
General and administrative expenses	6.2	5.9	6.2	8.5	6.0	6.3	6.0	7.2
Other expenses (income)	1.5	1.9	2.1	1.4	2.0	1.4	1.1	2.2
Income tax expense	1.8	1.6	1.8	1.6	1.1	1.0	2.2	0.9
Profit	5.1	4.6	4.5	3.5	2.9	2.2	6.0	1.7



Sales

Sales for the three months ended December 31 2019 were 6.8% higher than for the same period last year and 0.9% lower than the previous quarter, ended September 30, 2019. The decrease in personal hygiene product sales is due to a shortage of paper supply in the North American market and machine maintenance. We have sourced more reliable paper suppliers overseas and we are now back to normal sales levels. The increase in clinical products is due to the addition of a new customer. The decrease in sales of long-term care products is due to the loss of a significant customer last year, although we are now seeing sales increases to other customers. The increase in non-clinical air laid products is due to rapidly expanding sales volumes.

Sales	Three months ended December 31		Change over last year	Nine months ended December 31		Change over last year
Product Line	2019 $	2018 $		2019 $	2018 $	
Personal hygiene	758,189	936,670	-19.1%	2,707,490	3,101,992	-12.7%
Clinical	568,413	555,531	2.3%	1,492,012	1,403,146	6.3%
Long-term care	501,946	410,737	22.2%	1,456,913	1,533,084	-5.0%
Non-clinical air laid	1,132,913	879,609	28.8%	3,035,912	2,325,796	30.5%
Other	17,016	5,040	-	39,227	13,980	-
	2,978,487	2,787,587	6.8%	8,731,554	8,377,998	4.2%

Cost of Sales

Materials costs, as a percentage of sales, were relatively stable during the three months ended December 31, 2019 due to lower paper prices and improved paper yields. Production labour was lower in the three months ended December 31, 2019 than in 2018 due to the product mix and more efficient production runs. Fixed overhead is lower in 2019 than in 2018 because of the new accounting policy for leases. The factory rent has been reduced and replaced with depreciation of a right-of-use asset.

Cost of Sales	Three months ended December 31		Nine months ended December 31	
	2019 % of sales	2018 % of sales	2019 % of sales	2018 % of sales
Materials	51.2%	51.7%	51.2%	52.0%
Production labour	7.9%	9.0%	8.4%	8.6%
Factory overhead labour	4.0%	4.4%	3.9%	4.2%
Variable overhead	4.3%	3.9%	4.3%	3.6%
Fixed overhead	1.9%	4.7%	1.8%	4.7%
Depreciation of plant equipment	5.7%	6.2%	5.8%	6.1%
Depreciation of right-of-use assets	2.2%	-	2.2%	-
Gross Profit	22.8%	20.1%	22.4%	20.8%

Selling and Distribution Expenses

Selling and distribution expenses during the three months ended December 31, 2019 were 8.4% of sales, compared to 8.0% for the three months ended December 31, 2018, well within our normal operating range of 7.5% to 8.5%.

General and Administrative Expenses

Administrative and office expenses were lower in the three and nine months ended December 31, 2019 than in 2018 from the reduction in office rent expense under the new lease accounting policy of $1,930 per month. Depreciation of right-of-use assets under the new lease accounting policy offset these reductions by $1,577 per month. Salary and other employee benefits increased due to the addition of staff and to higher pay rates for salaries and employee benefits.

During the nine months ended December 31, 2019 the company incurred total short-term employee benefits of $297,933 (2018 – $294,506) to its key management personnel, comprising the directors and officers of the company, and incurred $7,594 (2018 – $9,263) of professional fees in the normal course of operations paid to DuMoulin Black LLP, a law firm in which J. Douglas Seppala, a director of the company, was a partner. The professional fees are for legal services provided to the Company at rates normally charged to arm's length parties.

Other Income and Expenses

Fluctuations in the US dollar exchange rate resulted in a $1,253 gain during the three months ended December 31, 2019, compared with a $4,804 gain in the same period last year. Interest expense on bank loans is lower in 2019 than 2018 because of lower loan balances. Interest expense on lease liabilities under the new accounting policy was $30,978 for the three months ended December 31, 2019. We recognized an unrealized gain of $12,392 to reflect the market value fluctuation of our interest rate swap during the three months ended December 31, 2019.

Liquidity, Financial Position and Capital Resources

Our operating cash flows were $1,444,806 during the nine months ended December 31, 2019, an average of $160,534 per month, compared to an average of $121,838 per month during the year ended March 31, 2019, before accounting for fluctuations in non-cash working capital. We had working capital of $1,011,123 at December 31, 2019, compared to $913,361 at April 1, 2019. The change is due to the improved operating cash flows, offset by dividends, term loan payments and equipment purchases.

We paid quarterly dividends of $0.0025 per share on June 20, 2019, September 20, 2019 and December 20, 2019. The next quarterly dividend of $0.0025 per share will be paid on March 20, 2020 to shareholders of record on March 5, 2020. We plan to re-invest the rest of our surplus cash flow in new equipment to continue to expand our product lines and improve efficiency and to pay off bank debt.

We have a revolving bank loan facility of $1,500,000. The loan outstanding at any time may not be greater than the total of 75% of Canadian accounts receivable, 50% of US accounts receivable and 50% of inventory, less accounts payable having priority over the bank, such as to governments and employees. Accounts receivable older than 90 days and inventory in excess of $1,500,000 are not included in the calculation. Loans outstanding under the facility bear interest at bank prime plus 0.5%. Substantially all of our assets are pledged as collateral for the revolving bank loan facility. No loans were outstanding at December 31, 2019.

We use the revolving bank loan facility primarily to finance operating working capital. Inventory and accounts receivable levels normally fluctuate by as much as $300,000 and accounts payable by an additional $300,000. We purchase our pulp and paper supplies in relatively large quantities and often have large shipments to customers on credit, which are the main reasons for these fluctuations.

We also have a term loan credit facility which was used for the purchase of our binder bonded air laid paper making machine. Repayment of the loan is in monthly instalments of $59,524 with a final payment of the balance of principal on August 22, 2023 (which was extended from August 22, 2020 during the nine months ended December 31, 2019). A specific charge against the equipment purchased with the loan proceeds and a fixed and floating charge on substantially all of the company's assets are pledged as collateral.

We have entered into interest rate swaps which convert our variable rate term loan interest to an effective 3.88% fixed rate until November 2022. If long-term market expectations are for interest rates on bankers acceptances to increase, we will reflect an unrealized gain on the interest rate swaps. If the expectations are for rates to decrease, we will reflect an unrealized loss. A 1% rise in the interest rate could create an unrealized gain of approximately $55,000. A 1% decrease could create an unrealized loss of approximately $100,000. As the loan is repaid and the remaining term of the loan decreases, the exposure is reduced. If the loan is repaid on schedule until November 2022, any unrealized gain or loss will be eliminated. At December 31, 2019 we had an unrealized loss of $18,307 on the interest rate swaps.

We intend to spend around $200,000 for production equipment during the next year, which we will finance from operating cash flows.

New Accounting Policies

The International Accounting Standards Board adopted IFRS 16, Leases in January 2016, effective for financial years beginning on or after January 1, 2019. The new standard requires a lessee to recognize a "right-of-use" asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessee recognizes depreciation of the right-of-use asset and interest on the lease liability and also classifies cash repayments of the lease liability into a principal portion and an interest portion. Assets and liabilities are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

We adopted this standard as of our opening statement of financial position for the year ending March 31, 2020 on a retrospective basis without restatement of prior periods. As a result we recognized a right-of-use asset and a lease liability for our lease of premises and made the adjustments described in note 3 of the financial statements. The lease liability recorded is the present value of the remaining lease payments discounted using our incremental borrowing rate at April 1, 2019 of 4.45%.

We elected not to apply the standard to short-term leases and leases for which the underlying asset is of low value as the amounts are insignificant. We elected the option to apply this standard retrospectively without restatement of prior periods. The calculations to re-state the prior periods back to the inception date of the lease would be more onerous than useful.

Share Capital

The Company has only one class of share capital, common shares without par value. The Company also has a stock option plan.

	February 19, 2020
Authorized common shares without par value	Unlimited
Issued common shares	35,515,800
Shares issuable on exercise of outstanding stock options	Nil
Shares available for future stock option grants	3,551,580

The stock option plan permits the directors of the Company to grant incentive options to the employees, directors, officers and consultants of the Company.

Other Information

Additional information relating to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.westbond.ca.

WestBond Enterprises Corporation

Notice to Reader

The accompanying interim consolidated financial statements of WestBond Enterprises Corporation for the three and nine month periods ended December 31, 2019 and 2018 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	December 31 2019 $	April 1 2019 $ Note 3	March 31 2019 $
ASSETS				
Non-Current Assets				
Plant and equipment		7,678,255	7,818,316	7,818,316
Right-of-use assets	3	2,726,083	2,934,789	-
Lease deposits	3	-	-	18,012
Deferred tax asset		1,408	9,566	9,566
		10,405,746	10,762,671	7,845,894
Current Assets				
Inventory		1,364,873	1,244,081	1,244,081
Trade and other receivables		1,328,181	1,313,774	1,313,774
Prepaid expenses		74,809	57,604	57,604
Cash and cash equivalents		243,882	474,030	474,030
		3,011,745	3,089,489	3,089,489
Total Assets		13,417,491	13,852,160	10,935,383
EQUITY AND LIABILITIES				
Equity				
Common shares issued and outstanding	4	4,138,710	3,903,940	3,903,940
Stock options	4	-	81,770	81,770
Contributed surplus		294,089	294,089	294,089
Retained earnings	3, 7	1,367,860	1,213,860	1,071,338
Equity attributable to common shareholders		5,800,659	5,493,659	5,351,137
Liabilities				
Non-Current Liabilities				
Term bank loans		1,904,752	2,440,468	2,440,468
Unrealized loss on interest rate swaps		18,307	34,480	34,480
Lease liability	3	2,567,268	2,722,750	-
Deferred operating lease liability	3	-	-	195,235
Deferred tax liability	3	1,125,883	984,675	931,962
		5,616,210	6,182,373	3,602,145
Current Liabilities				
Term bank loans		714,288	714,288	714,288
Current portion of lease liability	3	205,389	194,027	-
Trade and other payables		1,080,945	1,267,813	1,267,813
		2,000,622	2,176,128	1,982,101
Total Liabilities		7,616,832	8,358,501	5,584,246
Total Equity and Liabilities		13,417,491	13,852,160	10,935,383
Commitments	8			

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 December 31		Nine months ended December 31	
		2019	2018	2019	2018
		$	$	$	$
Sales	9	2,978,487	2,787,587	8,731,554	8,377,998
Cost of sales	10	2,298,060	2,227,385	6,779,620	6,632,966
Gross Profit		680,427	560,202	1,951,934	1,745,032
Selling and distribution expenses	11	248,709	223,930	697,566	676,140
General and administrative expenses	12	184,284	168,184	534,159	510,153
Operating Profit		247,434	168,088	720,209	558,739
Foreign exchange (gain) loss		(1,253)	21,773	(4,804)	19,409
Interest expense on bank loans		26,910	33,617	85,293	105,687
Interest expense on lease liabilities		30,978	-	94,658	-
Unrealized gain on interest rate swaps		(12,392)	(596)	(16,173)	(1,453)
Profit Before Tax		203,191	113,294	561,235	435,096
Income tax expense		52,535	31,504	149,367	119,267
Profit and Comprehensive Income		150,656	81,790	411,868	315,829
Weighted average shares outstanding		34,201,670	33,665,880	33,845,073	33,665,800
Earnings per share, basic and fully diluted		0.004	0.002	0.012	0.009

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, 2018	3,883,225	88,985	294,089	902,943	5,169,242
Dividends paid	-	-	-	(168,330)	(168,330)
Profit for the period	-	-	-	315,829	315,829
Balance as at December 31, 2018	3,883,225	88,985	294,089	1,050,442	5,316,741
Balance as at March 31, 2019	3,903,940	81,770	294,089	1,071,338	5,351,137
Adjustment of opening balance on adoption of IFRS 16 (note 3)	-	-	-	142,522	142,522
Balance as at April 1, 2019	3,903,940	81,770	294,089	1,213,860	10,957,899
Dividends paid	-	-	-	(257,868)	(257,868)
Exercise of stock options	234,770	(81,770)	-	-	153,000
Profit for the period	-	-	-	411,868	411,868
Balance as at December 31, 2019	4,138,710	-	294,089	1,367,860	11,264,899

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 December 31		Nine months ended December 31	
		2019	**2018**	**2019**	**2018**
		$	**$**	**$**	**$**
Operating Activities					
Profit		150,656	81,790	411,868	315,829
Adjustments to reconcile profit to cash flows from operating activities					
- depreciation of plant and office equipment		172,230	175,172	511,086	517,932
- depreciation of right-of-use assets		69,822	-	208,707	-
- deferred operating lease liability		-	7,886	-	23,657
- unrealized gain on interest rate swaps		(12,392)	(596)	(16,173)	(1,453)
- interest expense on bank loans		26,910	33,617	85,293	105,687
- interest expense on lease liabilities		30,978	-	94,658	-
- income tax expense		52,535	31,504	149,367	119,267
Cash flows from operating activities before changes in non-cash working capital		490,739	329,373	1,444,806	1,080,919
Decrease (increase) in					
- inventory		(51,558)	(74,310)	(120,792)	(150,714)
- trade and other receivables		(3,732)	(180,585)	(14,407)	(385,726)
- prepaid expenses		37,147	9,863	(17,205)	(25,281)
(Decrease) increase in					
- trade and other payables		(62,586)	280,815	(186,511)	682,592
Net Cash Flow from Operating Activities		410,010	365,156	1,105,891	1,201,790
Investing Activities					
Purchase of plant and equipment	13	(44,212)	(70,790)	(382,822)	(293,785)
Financing Activities					
Issuance of common shares for cash on exercise of options		153,000	-	153,000	-
Dividends paid		(88,788)	(84,165)	(257,868)	(168,330)
Repayment of term loans		(178,572)	(178,572)	(535,716)	(535,716)
Interest paid on bank loans		(26,400)	(33,617)	(84,038)	(111,558)
Interest portion of lease payments		(31,104)	-	(84,475)	-
Principal portion of lease payments		(47,963)	-	(144,120)	-
Net Cash Flow from Financing Activities		(219,827)	(296,354)	(953,217)	(815,604)
Net Increase (Decrease) in Cash and Cash Equivalents		145,971	(1,988)	(230,148)	92,401
Cash and Cash Equivalents at the Beginning of the Period		97,911	496,682	474,030	402,293
Cash and Cash Equivalents at the End of the Period		243,882	494,694	243,882	494,694

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 nine month periods ended December 31, 2019 were approved and authorized for issue by resolution of the directors on February 19, 2020.

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, 2020 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, 2019, except for the adoption of *IFRS 16, Leases,* on April 1, 2019.

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, 2019 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, 2019.

3. NEW ACCOUNTING POLICY

The International Accounting Standards Board adopted *IFRS 16, Leases,* in January 2016, effective for financial years beginning on or after January 1, 2019. The new standard requires a lessee to recognize a "right-of-use" asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The lessee recognizes depreciation of the right-of-use asset and interest on the lease liability and also classifies cash repayments of the lease liability into a principal portion and an interest portion. Assets and liabilities are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

The company adopted this standard as of its opening statement of financial position for the year ending March 31, 2020 on a retrospective basis without restatement of prior periods. As a result it recognized a right-of-use asset and a lease liability for its lease of premises and made the adjustments described in the following table. The lease liability recorded is the present value of the remaining lease payments discounted using the company's incremental borrowing rate at April 1, 2019 of 4.45%. The company elected not to apply the standard to short-term leases and leases for which the underlying asset is of low value.

(Canadian Dollars)

3. NEW ACCOUNTING POLICY (continued)

	Non-Current Assets	Equity	Non-Current Liabilities	Current Liabilities
	$	$	$	$
Ending Statement of Financial Position at March 31, 2019	7,845,894	5,351,137	3,602,145	1,982,101
Reversal of deferred lease liability	-	195,235	(195,235)	-
Related increase in deferred tax liability	-	(52,713)	52,713	-
Recognition of right-of-use asset and related lease liability	2,934,789	-	2,740,762	194,027
Application of lease deposits to lease liability	(18,012)	-	(18,012)	-
Opening Statement of Financial Position at April 1, 2019	10,762,671	5,493,659	6,182,373	2,176,128

During the nine months ended December 31, 2019 the company paid $1,676 in lease payments for which the underlying assets are of low value.

4. STOCK OPTIONS

During the nine months ended December 30, 2019 the directors exercised their options to purchase a total of 1,700,000 common shares at $0.09 per share.

5. TERM BANK LOANS

During the nine months ended September 30, 2019 the final payment of the term bank loan was extended to August 22, 2023.

6. RELATED PARTY TRANSACTIONS

During the nine months ended December 31, 2019 the company incurred total compensation, comprising short-term employee benefits, of $297,933 (2018 – $294,506), to the directors and officers of the company and incurred $7,594 (2018 – $9,263) of legal fees in the normal course of operations with a firm in which a director of the company was a partner.

7. SUBSEQUENT EVENTS

Subsequent to December 31, 2019 the company declared a dividend of $0.0025 per share payable on March 20, 2020 to shareholders of record on March 5, 2020.

8. COMMITMENTS

During the nine months ended December 31, 2019 the company purchased the machinery and paid the commitments of US$60,985 that were supported by irrevocable letters of credit issued under the revolving bank loan facility during the year ended March 31, 2019 and committed to purchase additional equipment for US$14,000 which is supported by an irrevocable letter of credit that is outstanding at December 31, 2019.

	Three months ended December 31		Nine months ended December 31	
	2019	**2018**	**2019**	**2018**
	$	**$**	**$**	**$**
9. SALES				
Personal hygiene products	758,199	936,670	2,707,490	3,101,992
Clinical products	568,413	555,531	1,492,012	1,403,146
Long-term care products	501,946	410,737	1,456,913	1,533,084
Non-clinical air laid products	1,132,913	879,609	3,035,912	2,325,796
Other products	17,016	5,040	39,227	13,980
	2,978,487	2,787,587	8,731,554	8,377,998
10. COST OF SALES				
Materials	1,524,856	1,440,075	4,469,898	4,360,951
Production labour	234,007	251,277	733,264	716,904
Factory overhead labour	118,065	121,543	339,230	348,528
Variable overhead	127,626	109,601	377,076	305,678
Fixed overhead	58,068	131,727	160,262	390,579
Depreciation of plant equipment	170,364	173,162	505,375	510,326
Depreciation of right-of-use assets	65,074	-	194,515	-
	2,298,060	2,227,385	6,779,620	6,632,966
11. SELLING AND DISTRIBUTION EXPENSES				
Shipping	206,936	191,893	594,676	580,169
Wages, commissions and other employee benefits	30,166	26,225	84,247	82,760
Other	11,607	5,812	18,643	13,211
	248,709	223,930	697,566	676,140
12. GENERAL AND ADMINISTRATIVE EXPENSES				
Administration and office	31,318	39,852	92,063	114,566
Corporate promotion	4,364	5,597	9,153	11,052
Depreciation of right-of-use assets	4,748	-	14,192	-
Professional fees	13,711	13,687	44,454	45,308
Salaries and other employee benefits	130,143	109,048	374,297	339,227
	184,284	168,184	534,159	510,153
13. NON-CASH INVESTING ACTIVITIES				
(Decrease) increase in accounts payable related to purchase of plant and equipment	(3,202)	15,295	(11,797)	(11,089)