



TJR Coatings Inc.

Financial Statements

January 31, 2012

Independent Auditors' Report

**To the Shareholder of
TJR Coatings Inc.**

We have audited the accompanying financial statements of **TJR Coatings Inc.**, which comprise the statement of financial position as at **January 31, 2012, January 31, 2011** and **February 1, 2010** and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended **January 31, 2012** and **January 31, 2011**, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether 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 auditors' 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 controls. 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

We draw attention to Note 2 to the financial statements, which describes the uncertainty related to future profitability. Our opinion is not qualified in respect of this matter.



Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at January 31, 2012, January 31, 2011 and February 1, 2010 and the results of its financial performance and its cash flows for the years ended January 31, 2012 and January 31, 2011, in accordance with International Financial Reporting Standards.

Fazzari 7 Partners

FAZZARI + PARTNERS LLP
Chartered Accountants
Licensed Public Accountants

Vaughan, Ontario
May 29, 2012

TJR Coatings Inc.

Statement of Financial Position (Expressed in Canadian dollars)

As at January 31

	2012	2011	February 1, 2010
Assets			
Current			
Other taxes receivable	\$ -	\$ 3,118	\$ -
Liabilities			
Current			
Accounts payable and accrued liabilities	\$ 28,673	\$ 5,256	\$ 41,200
Non-current			
Loan payable (Note 7)	93,152	61,912	-
	121,825	67,168	41,200
Shareholder's Equity			
Share capital (Note 3)	511,600	511,600	511,600
Deficit	(633,425)	(575,650)	(552,800)
	(121,825)	(64,050)	(41,200)
	\$ -	\$ 3,118	\$ -

Approved on behalf of the Board

"Edward Murphy"

Edward Murphy, Director

"Inga Gratcheva"

Inga Gratcheva, Director

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

TJR Coatings Inc.

Statement of Financial Position (Expressed in Canadian dollars)

As at January 31

	Number of Common shares	Share Capital	Deficit
Balance at January 31, 2010	22,583,836	\$ 511,600	\$ (552,800)
Net loss			(22,850)
Balance at January 31, 2011	22,583,836	\$ 511,600	\$ (575,650)
Net loss			(57,775)
Balance at January 31, 2012	22,583,836	\$ 511,600	\$ (633,425)

The accompanying notes are an integral part of these financial statements

TJR Coatings Inc.

Statement of Loss and Comprehensive Loss for the year (Expressed in Canadian dollars)

Year Ended January 31

	2012	2011
Revenues	\$ -	\$ -
Expenses		
Professional fees	50,146	20,233
Interest on loan payable	7,629	2,617
	57,775	22,850
Net loss and comprehensive loss	\$ (57,775)	\$ (22,850)
Basic and diluted loss per share	0.00	0.00
Weighted average number of shares outstanding	22,583,836	22,583,836

The accompanying notes are an integral part of these financial statements

TJR Coatings Inc.

Statement of Cash Flows (Expressed in Canadian dollars)

Year Ended January 31

	2012	2011
Cash flows from (used in):		
Operating activities		
Net loss	\$ (57,775)	\$ (22,850)
Changes in non-cash working capital items		
Other taxes receivable	3,118	(3,118)
Accounts payable and accrued liabilities	23,417	(35,944)
	26,535	(39,062)
	(31,240)	(61,912)
Financing activities		
Loan payable (Note 7)	31,240	61,912
Increase (decrease) in balance	-	-
Balance, beginning of year	-	-
Balance, end of year	\$ -	\$ -

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

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

1. Status of incorporation and nature of activities

TJR Coatings Inc. (the "Company") is incorporated under the laws of the Province of Ontario. The ultimate controlling shareholder is Mr. Tonino Margani. The registered office and principal place of business of the Company is 31 Sunset Trail, Toronto, Ontario.

2. Going concern

During the audit we have concluded that the use of the going concern assumption is appropriate in the circumstances but a material uncertainty exists. Accordingly, the financial statements do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities and commitments in other than the normal course of business and at amounts different from those in the accompanying financial statements.

The Company has incurred recurring operating losses since 2002 and has negative working capital. The Company is currently inactive and its future operations are dependent upon the ability of the Company to revive its active status on the Toronto Stock Exchange and to obtain necessary financing. The Company is currently being financed by a director.

3. Significant accounting policies

(a) Adoption of International Financial Reporting Standards

Effective February 1, 2011, the Company adopted the requirements of the International Financial Reporting Standards ("IFRS"). These are the Company's first financial statements prepared in accordance with these accounting standards which have been applied retrospectively. The accounting policies set out in the following significant accounting policies notes have been applied in preparing the financial statements for the year ended January 31, 2012, the comparative information presented in these financial statements for the year ended January 31, 2011 and in the preparation of an opening IFRS balance sheet at February 1, 2010 (the Company's date of transition).

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

3. Significant accounting policies (continued)

(a) Adoption of International Financial Reporting Standards (continued)

Previously the Company issued financial statements for the year ended January 31, 2011 using Canadian generally accepted accounting principles ("Canadian GAAP"). The adoption of IFRS had no impact on the previously reported assets, liabilities and equity of the Company.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Statement of compliance

The financial statements have been prepared in accordance with IFRS.

These financial statements were approved by the board of directors for issue on May 29, 2012.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is our presentation and functional currency.

(e) Critical accounting judgments and estimates

The preparation of these financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates are required in assessing uncollectible receivables, assessment income tax asset and contingencies. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the period in which they become known.

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

3. Significant accounting policies (continued)

(f) Loss per share

Loss per share is computed using the weighted average number of common shares outstanding during the year.

(g) Related party transactions

Transactions with related parties which occur in the normal course of business are recorded at the exchange amount, being the amount of consideration established and agreed to by the related parties.

(h) Income taxes

Income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective income tax bases, and losses carried forward.

Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in operations in the period that includes the date of enactment or substantive enactment.

Current income taxes are recognized for the estimated income taxes payable for the current year.

Deferred income tax assets are recognized to the extent that management believes that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

(i) Accounting standards issued but not yet effective

(i) Fair value measurement

IFRS 13, Fair Value Measurement (IFRS 13), was issued in May 2011. This standard addresses the definition of fair value, sets out a single standard framework for measuring fair value and requires certain disclosures about fair value measurements.

The above standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company is currently assessing the impact on its financial statements.

(ii) Financial instruments

IFRS 9, Financial Instruments (IFRS 9) was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39; Financial Instrument Recognition and measurement, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. In December 2011, the International Accounting Standards Board ("IASB") issued amendments for IFRS 9, extending the mandatory effective date for implementation of IFRS 9, which is now effective for annual periods beginning on or after January 1, 2015, although early adoption is permitted. The Company is currently assessing the impact on its financial statements.

(iii) Financial instruments

IFRS 7, Financial Instruments - Disclosures (IFRS 7), was amended by the IASB in October 2010 and provides guidance on identifying transfers of financial assets and continuing involvement in transferred assets for disclosure purposes. The amendments introduce new disclosure requirements for transfers of financial assets including disclosures for

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

3. Significant accounting policies (continued)

(iii) Financial instruments (continued)

financial assets that are not derecognized in their entirety, and for financial assets that are derecognized in their entirety but for which continuing involvement is retained. The amendments to IFRS 7 are effective for annual periods beginning on or after July 1, 2011. The IASB also issued amendments requiring the disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect, of offsetting financial assets and financial liabilities to the entity's financial position. These amendments are effective for annual periods beginning on or after January 2013. The Company is currently assessing the impact on its financial statements.

(iv) Presentation of financial statement

IAS 1, Presentation of Financial Statement (IAS 1), was issued in June 2011 and required presenting items in other comprehensive income in two categories: items that might be reclassified into profit or loss and those that will not be reclassified. The flexibility to present a statement of comprehensive income as one statement or as two separate statements of profit and loss and other comprehensive income remains unchanged. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company is currently assessing the impact on its financial statements.

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

4. Capital stock

Authorized:

Unlimited number of common shares

Issued capital stock consists of the following:

	January 31, 2012	January 31, 2011	February 1, 2010
Number of common shares	22,583,836	22,583,836	22,583,836
Balance	\$511,600	\$511,600	\$511,600

The Company maintains a Stock Option Plan for officers, directors, employees and other persons who provide services for the Company. At the fiscal year ended January 31, 2012, no options were granted, outstanding or exercised.

5. Loss per share

For the purposes of calculating loss per shares, there were no changes in the number of issued and outstanding shares during the year.

6. Income taxes

As at January 31, 2012, the Company has unused non-capital losses. These losses expire as follows:

Tax Year	Amount	Expires
2005	\$ 1,500	2015
2006	1,500	2026
2007	1,500	2027
2008	1,500	2028
2009	1,500	2029
2010	1,500	2030
2011	22,850	2031
2012	57,775	2032
	\$ 89,625	

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

6. Income taxes (continued)

Due to the expected future operating results, management has determined that the Company does not meet the 'more likely than not' criteria that the deferred tax assets resulting from the tax losses available for carry forward and the differences in tax bases of assets will be realized through the reduction of future income tax payments, accordingly a 100% valuation allowance has been recorded for future income tax assets.

7. Related party loan payable

Loan payable is an advance from a director of the Company which is interest bearing 10%, unsecured, with no fixed repayment terms. The balance is not due within the next twelve months.

The loan is measured at the exchange amount agreed to by the related parties. The loan consists of \$82,906 (2011: \$59,295) plus accrued interest of \$10,246 (2011: \$2,617)

The fair value estimates for loan payable cannot be determined with sufficient reliability as no active market exists for such related party instruments.

8. Financial instruments and risk management

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that the Company would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation. The fair values of the Company's financial instruments are estimated based on the amount at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. As these estimates are subjective in nature, involving uncertainties and matter of judgment, they cannot be determined with precision. Changes in assumptions can affect estimated fair values.

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

8. Financial instruments and risk management (continued)

Risk management

The Company manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance. The objective of the policy is to reduce volatility in cash flow and earnings.

The Company has exposure to the following risks associated with its financial instruments:

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates to its loan payable bearing interest at 10%.

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk of the Company at year end is the carrying value of its cash and receivables.

Liquidity risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. See related party loans, note 7.

TJR Coatings Inc.

Notes to Financial Statements (Expressed in Canadian dollars)

January 31, 2012

9. Capital Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern. The strategy remains unchanged from 2011. The Company raises capital, as necessary, to meet its needs and therefore, does not have a numeric target for its capital structure. There were no changes to the Company's approach to capital management during the year compared to the previous year.

10. Transition to IFRS

These financial statements for the year ended January 31, 2012 are the Company's first financial statements that have been prepared in accordance with IFRS. The Company adopted IFRS effective January 1, 2011. The Company's transition date is February 1, 2010 and the Company prepared its opening IFRS balance sheet at that date. These financial statements have been prepared in accordance with the accounting policies described in Note 2. This note explains the impact of the Company's transition to IFRS.

(a) Elected exemptions from full retrospective application

IFRS 1 allows for the guidance under IFRS 3, "Business Combinations", to be applied either retrospectively or prospectively to business combinations that occurred before the Transition Date, February 1, 2011. The Company has elected to adopt IFRS 3 prospectively, meaning that only business combinations that occur on or after February 1, 2011 will be accounted for in accordance with IFRS 3.

(b) Mandatory exceptions to retrospective application

In preparing these financial statements in accordance with IFRS 1, the Company has applied the mandatory exception to full retrospective application of IFRS regarding estimates. Specifically, hindsight was not used to create or revise estimates and accordingly the estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(c) Significant differences between IFRS and Canadian GAAP

There were no transitional changes or adjustments from Canadian GAAP to IFRS. Reconciliations for the statement of financial position and statements of loss and comprehensive loss, changes in equity and cash Flows are not included.