FAZZARI PARTNERS LLP
CHARTERED ACCOUNTANTS

TJR Coatings Inc.

Financial Statements

January 31, 2014

Independent Auditor's Report

To the Shareholders 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, 2014 and January 31, 2013** and the statements of loss and comprehensive loss, changes in equity and cash flows for the years ended **January 31, 2014** and **January 31, 2013**, 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.

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 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 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at January 31, 2014, January 31, 2013 and the results of its financial performance and its cash flows for the years ended January 31, 2014 and January 31, 2013, in accordance with International Financial Reporting Standards.

Emphasis of matter

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

Fazzari + Partners

FAZZARI + PARTNERS LLP
Chartered Accountants — Vaughan, Ontario
Licensed Public Accountants — May 29, 2014

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TJR Coatings Inc.

Statement of Financial Position
(Expressed in Canadian dollars)

As at January 31

	2014	2013
Assets		
	$ -	**$ -**
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 7,058	$ 9,916
Non-current		
Loan payable (Note 7)	202,085	163,567
	209,143	**173,483**
Shareholders' Equity		
Share capital (Note 4)	511,600	511,600
Deficit	(720,743)	(685,083)
	(209,143)	**(173,483)**
	$ -	**$ -**

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 Changes in Equity
(Expressed in Canadian dollars)

Year Ended January 31

	Number of Common shares	Share Capital	Deficit
Balance, at February 1, 2012	**22,583,836**	**$ 511,600**	**$ (633,424)**
Net loss for the year			(51,659)
Balance, at January 31, 2013	**22,583,836**	**$ 511,600**	**$ (685,083)**
Net loss for the year			(35,660)
Balance at January 31, 2014	**22,583,836**	**$ 511,600**	**$ (720,743)**

The accompanying notes are an integral part of these financial statements

TJR Coatings Inc.

Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)

Year Ended January 31

	2014	2013
Expenses		
Professional fees	$ 17,216	$ 37,936
Interest on loan payable	18,444	13,723
Net loss and comprehensive loss	**$ (35,660)**	**$ (51,659)**
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

	2014	2013
Cash flows from (used in):		
Operating activities		
Net loss	$ (35,660)	$ (51,659)
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	(2,858)	(18,756)
	(38,518)	**(70,415)**
Financing activity		
Loan payable (Note 7)	**38,518**	**70,415**
Balance, end of year	**$ -**	**$ -**

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

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

The company has 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) Basis of measurement and statement of compliance

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

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International

3. Significant accounting policies (continued)

Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements were approved by the board of directors for issue on May 29, 2014.

(b) Functional and presentation currency

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

(c) 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, assessing the recoverability of deferred income tax assets and contingencies. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in the period in which they become known.

Recognition of deferred tax assets

Deferred tax assets arise from deductible temporary differences and unused tax losses. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available to allow the related tax benefit to be utilized, and are reversed to the extent that it is no longer probable that sufficient taxable profits will be available for utilization, which involves considerable level of estimation and judgment exercised by management.

(d) Loss per share

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

3. Significant accounting policies (continued)

(e) 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.

(f) Income taxes

Income taxes are accounted for using the deferred tax asset and 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.

(g) Provisions

The Company recognizes a provision when it has a present obligation (legal or constructive) as a result of a past event, it is probable that it will be required to settle the obligation, and it can make a reliable estimate of the amount of the obligation.

3. Significant accounting policies (continued)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

(h) Accounting standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company does not expect the impact of such changes on the financial statements to be material.

(i) Financial Instruments

In October 2010, the IASB issued IFRS 9, which is the first part of a three-part project to replace IAS 39, Financial Instruments: Recognition and Measurement. The first part deals with the classification and measurement of financial assets and financial liabilities, and the two other parts will deal with impairment of financial assets and hedge accounting. The Company will have to classify financial assets as subsequently measured at either amortized cost or fair value, on the basis of its business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Measurement of most financial liabilities at amortized cost is maintained. However, when an entity measures a financial liability at fair value, the portion of changes in fair value related to the entity's own credit risk must be reported in other comprehensive income rather than in profit or loss. This standard will become effective for annual periods beginning on or after January 1, 2015. Earlier application is permitted. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this standard on its financial statements.

(Expressed in Canadian dollars)

3. Significant accounting policies (continued)

(h) Accounting standards issued but not yet effective (continued)

(ii) Impairment of Assets

The amendments to IAS 36 address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment is expected to have no impact on the Company's financial position or results of operations.

(iii) Financial instruments: Presentation

In December 2011, the IASB amended IAS 32 to address inconsistencies in applying certain offsetting criteria. The amendments specify the meaning of the offsetting criteria under which an entity "currently has a legally enforceable right of set-off," and the principle underlying net settlement, including the fact that the outcome of some gross settlement systems may be considered equivalent to net settlement. These amendments will be effective for annual periods beginning on or after January 1, 2014. Early application is permitted provided that the corresponding amendments to IFRS 7 are simultaneously applied. The Company will adopt this new standard as of its effective date. The Company is currently analyzing the possible impact of this standard on its financial statements.

4. Share Capital

Authorized: Unlimited number of common shares

Issued and outstanding	Number of shares	Share capital
Balance as at February 1, 2013	22,583,836	$ 511,600
Issuance of shares	-	-
Balance as at January 31, 2013 and 2014	**22,583,836**	**$ 511,600**

(Expressed in Canadian dollars)

4. Share Capital (continued)

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, 2014, 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, 2014, the Company has unused non-capital losses. These losses expire as follows:

Originating Tax Year	Amount	Year of Expiry
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
2013	51,659	2033
	$ 141,284	

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. Loan payable

Loan payable is an advance from a director of the Company which is interest bearing 10%, unsecured, and 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 $159,673 (2012: $139,598) plus accrued interest of $42,412 (2012: $23,969)

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

There were no other related party transactions during fiscal 2013.

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 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.

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.

8. Financial instruments and risk management (continued)

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

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.

9. Approval of financial statements

The financial statements were approved by the Board of Directors and authorized for issue on May 29, 2014.

10. 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 2013. 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.