SIPP INDUSTRIES INC.

December 31, 2011

Table of Contents

	Page
Balance Sheet	**2**
Statement of Earnings and Retained Earnings	**3**
Statement of Cash Flows	**4**
Statement of Shareholders' Equity	**5**
Notes to Financial Statements	**6**

These financial statements and notes thereto present fairly, in all material respects, the financial position of the company and the results of its operations and cash flows for the period presented, in conformity with accounting principles generally accepted in the United States, consistently applied.

SIPP INDUSTRIES INC.
CONSOLIDATED BALANCE SHEET
As at December 31, 2011
(Unaudited)

BALANCE SHEET		
ASSETS		
CURRENT ASSETS		
Cash	$	2,289
Accounts Receivable		-
Other Receivable		448,980
Inventory		1,200,000
Prepaid Accounts		-
		1,651,269
LONG-TERM EQUITY INVESTMENT		-
		-
FIXED ASSETS - NBV		1,113
INTANGIBLE ASSETS - NBV		-
	$	**1,652,382**
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	$	872,575
Other Payables		725,532
Taxes Payable		-
		1,598,107
LONG TERM LIABILITIES - Convertible Debt		53,195
		1,651,302
SHAREHOLDERS' EQUITY		
CAPITAL STOCK		
Common Stock, authorized shares 888,000,000		
Issued and outstanding - 44,857,488 @ PV $.001		44,857
Preferred Stock, authorized shares 10,000,000		
Issued and outstanding - 1,000,000 @ PV $.001		1,000
Additional Paid In Capital		1,617,388
Deficit	**-**	**1,662,165**
		1,080
	$	**1,652,382**

The accompanying notes are an integral part of these financial statements

SIPP INDUSTRIES INC.
CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS
FOR THE YEAR ENDED December 31, 2011
(Unaudited)

EARNINGS		
REVENUE		
Sales	$	2,671,320
		-
TOTAL SALES		2,671,320
COST OF SALES		
Cost of Sales		1,350,000
TOTAL COST OF SALES		1,350,000
GROSS PROFIT		1,321,320
OPERATING EXPENSES		
Administrative Expense		731,402
Selling Expense		575,000
		1,306,402
OTHER INCOME & EXPENSES		-
PROFIT (LOSS)		**14,918**
NET PROFIT (LOSS)		**14,918**
Deficit - Beginning of period	-	1,677,083
Deficit - End of period	**-$**	**1,662,165**

The accompanying notes are an integral part of these financial statements

SIPP INDUSTRIES INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR Ended December 31, 2011
(Unaudited)

CASH FLOWS		
Cash flows from operating activities		
Profit/Loss from operations	$	14,918
Adjustments to cash flows from operating activites:		
Amortization of goodwill		
Depreciation od fixed assets		-
Cash flows **from** operating activities	$	14,918
Cash flows from investing activities:		
Capital expenditures		
Investment in inventory		1,200,000
Increase in accounts receivable		448,980
Decrease in prepaid expenses		-
Cash **used in** investing activities	$	1,648,980
Cash flows from financing activities:		
Increase in accounts payable and accrued liabilities		1,633,351
Increase in paid in capital		
Increase in convertible debt		3,000
Issuance of capital stock		
Cash **used for** financing activities	$	1,636,351
Net increase (decrease) in cash	$	2,289
Cash at beginning of period		-
Cash at end of period	**$**	**2,289**

The accompanying notes are an integral part of these financial statements

SIPP INDUSTRIES INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
AS AT December 31, 2011
(Unaudited)

	Pref Shares	Stock Amount	Common Shares	Stock Amount	PIC Amount	R/E	Total
Openning Bal	1,000,000	$1,000	44,857,488	$44,857	$ 1,617,388	-$ 1,677,083	-$ 13,838
Issuance of stk			0		-	-	-
Capital Paid In					-		-
Net Profit/Loss						14,918	14,918
Bal Dec 2011	1,000,000	$1,000	44,857,488	44,857	$ 1,617,388	-$ 1,662,165	$1,080

The accompanying notes are an integral part of these financial statements

SIPP INDUSTRIES INC.
NOTES TO CONSOLIDATED FINANCIAI STATEMENTS
FOR THE PERIOD December 31, 2011
(Unaudited)

NOTE 1. GENERAL ORGANIZATION AND BUSINESS ISSUES

The company was administratively abandoned and reinstated in June 2010 through a court appointed guardian - custodian.

The company remains heavily involved in R&D towards offering franchises to operate a business for providing a unique system for specialized coffee and bistro deployment for a variety of businesses under the trade name Cafelinos.

The company announced in Q1 2011 that it has finalized a merger with a specialty liquor company -SPECIALTY SPIRITS IMPORTS INC. - which is authorized to license privat label liquors and wines. This becomes a wholly owned subsidiary of Sipp Industries Inc.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Accounting policies and procedures are listed below. The company will be adopting a December 31 year end effective with the 2010 year.

Accounting Basis

We have prepared the consolidated financial statements according to generally accepted accounting
Principles (GAAP).

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less as
cash equivalents. As of December31, 2011 the company had no cash or cash equivalent balances in excess
Of the federally insured amounts. The Company's policy is to invest excess funds in only well capitalized
financial institutions.

Earnings per Share

Earnings per Share

The Company adopted the provisions of SFAS No. 128, "Earnings per Share." SFAS No. 128 requires the presentation of basic and diluted earnings per share ("EPS"). Basic EPS is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted EPS includes the potential dilution that could occur if options or other contracts to issue common stock were exercised or converted.

The Company has not issued any options or warrants or similar securities since inception.

Stock Based Compensation

As permitted by Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation--Transition and Disclosure", which amended SFAS 123 ("SFAS 123"), "Accounting for Stock-Based Compensation", the Company has elected to continue to follow the intrinsic value method in accounting for its stock-based employee compensation arrangements as defined by Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees", and related Interpretations including "Financial Accounting Standards Board Interpretations No. 44, Accounting for Certain Transactions Involving Stock Compensation", and interpretation of APB No. 25. At December 31, 2011 the Company has not formed a Stock Option Plan and has not issued any options.

Dividends

The Company has adopted a policy regarding the payment of dividends. Dividends may be paid to shareholders once all divisions are fully operational and profitable. The Board may also pay dividends to counter any short selling or undermining of the entity. See Note 1.

Fixed Assets

Fixed assets are carried at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives. Maintenance and repairs are

over the assets' estimated useful lives. Maintenance and repairs are charged to expense as incurred; major
renewals and improvements are capitalized. When items of fixed assets are sold or retired, the related cost
and accumulated depreciation is removed from the accounts and any gain or loss is included in income.

Income Taxes

The provision for income taxes is the total of the current taxes payable and the net of the change in the
deferred income taxes. Provision is made for the deferred income taxes where differences exist between the
period in which transactions affect current taxable income and the period in which they enter into the
determination of net income in the financial statements.

Advertising

Advertising is expensed when incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the
United States of America requires management to make estimates and assumptions that affect the reported
amounts of assets and 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 those estimates.

Goodwill

Goodwill is created when we acquire a business. It is calculated by deducting the fair value of the net
assets acquired from the consideration given and represents the value of factors that contribute to greater
earning power, such as a good reputation, customer loyalty
e assess goodwill of individual subsidiaries for impairment in the fourth quarter of every year, and when
circumstances indicate that goodwill might be impaired.

NOTE 3. GOING CONCERN

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company had a net profit for the year to December 31, 2011 of $ 14,918. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional financing as may be required and ultimately to attain profitability. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 4. RECENTLY ISSUED ACCOUNTING STANDARDS

Management does not believe that any recently issued but not yet adopted accounting standards will have a material effect on the Company's results of operations or on the reported amounts of its assets and liabilities upon adoption.

NOTE 5. SHAREHOLDERS' EQUITY

Common Stock:

As of December 31, 2011 the company has 44,857,488 shares of common stock issued and outstanding.

NOTE 6. PROVISION FOR INCOME TAXES

The Company provides for income taxes under Statement of Financial Accounting Standards NO. 109, Accounting for Income Taxes. SFAS No. 109 requires the use of an asset and liability approach in accounting for income taxes. Deferred tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities and the tax rates in effect when these differences are expected to reverse.

SFAS No. 109 requires the reduction of deferred tax assets by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The provision for income taxes is comprised of the net changes in deferred taxes less the valuation account plus the current taxes payable.