

REPORT OF THE INDEPENDENT AUDITOR

To the Shareholders of [Company Name]

Adverse Opinion

We have audited the financial statements of [Company Name], which comprise the balance sheet as of [Date], and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements.

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the accompanying financial statements do not present fairly the financial position of the Company as of [Date], and its financial performance and its cash flows for the year then ended in accordance with [Accounting Framework].

Basis for Adverse Opinion

The Company's financial statements have been prepared using the going concern basis of accounting. However, the Company has suffered recurring losses from operations, has a net capital deficiency, and has defaulted on its loan agreements. Management has been unable to provide a viable plan to mitigate these conditions. Under these circumstances, the use of the going concern basis of accounting is inappropriate. Had the financial statements been prepared using a liquidation basis of accounting, the values of assets and liabilities would differ materially from the amounts currently recorded.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with [Accounting 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with [Auditing Standards] will always detect a material misstatement when it exists.

[Signature of the Auditor/Firm]

[Auditor's Address]

[Date]