

XYZ COMPANY LIMITED
BALANCE SHEET
AS AT
JUNE 30, 2002

UNAUDITED - See "Notice to Reader"

	<u>2002</u>	<u>2001</u>
<u>ASSETS</u>		
CURRENT		
Cash	\$ 11,552	\$ --
Accounts receivable	42,970	50,595
Deposits and prepaid expenses	2,942	2,688
Inventory	159,144	156,657
	<u>216,608</u>	<u>209,940</u>
PROPERTY, PLANT AND EQUIPMENT (Note 2)	59,890	76,318
INVESTMENTS	--	45,001
	<u>\$ 276,498</u>	<u>\$ 331,259</u>
<u>LIABILITIES</u>		
CURRENT		
Bank overdraft	\$ --	\$ 9,474
Bank loan	--	60,000
Accounts payable and accrued liabilities	82,053	91,343
Long-term debt - current portion	25,200	--
Income tax payable	14,387	--
	<u>121,640</u>	<u>160,817</u>
DUE TO SHAREHOLDER (Note 3)	51,591	231,791
LONG-TERM DEBT (Note 4)	86,100	--
	<u>259,331</u>	<u>392,608</u>
<u>SHAREHOLDER'S EQUITY</u>		
STATED CAPITAL (Note 5)	1	1
RETAINED EARNINGS (DEFICIT)	17,166	(61,350)
	<u>17,167</u>	<u>(61,349)</u>
	<u>\$ 276,498</u>	<u>\$ 331,259</u>
APPROVED		

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

XYZ COMPANY LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED
JUNE 30, 2002

UNAUDITED - See "Notice to Reader"

	<u>2002</u>	<u>2001</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 78,516	\$ 8,810
Adjustment for:		
Amortization	17,854	16,856
Loss on disposal of property, plant and equipment	--	387
Gain on disposal of investment	<u>(16,149)</u>	<u>--</u>
Cash derived from operations	80,221	26,053
 Decrease (increase) in working capital items		
Accounts receivable	7,625	23,380
Deposits and prepaid expenses	(254)	688
Inventory	(2,487)	(904)
Accounts payable and accrued liabilities	(9,290)	34,543
Long-term debt - current portion	25,200	--
Income tax payable	<u>14,387</u>	<u>2,206</u>
Cash flows from operating activities	<u>115,402</u>	<u>85,966</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,426)	(10,342)
Proceeds from disposal of property, plant and equipment	--	3,113
Proceeds from disposal of investment	61,150	--
Dividends	<u>--</u>	<u>(16,000)</u>
Cash flows from investing activities	<u>59,724</u>	<u>(23,229)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from (repayments to) shareholder	(180,200)	(150,000)
Acquisition of (repayment of) long-term debt	<u>86,100</u>	<u>--</u>
	<u>(94,100)</u>	<u>(150,000)</u>
 NET INCREASE (DECREASE) IN CASH RESOURCES	81,026	(87,263)
 CASH (DEFICIENCY) RESOURCES - Beginning of Year	<u>(69,474)</u>	<u>17,789</u>
 CASH RESOURCES (DEFICIENCY) - End of Year	\$ <u>11,552</u>	\$ <u>(69,474)</u>
 Cash resources (deficiency) is comprised of:		
Cash	\$ 11,552	\$ --
Bank overdraft	--	(9,474)
Bank loan	<u>--</u>	<u>(60,000)</u>
	\$ <u>11,552</u>	\$ <u>(69,474)</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.