

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	<u>159,144</u>	<u>156,657</u>
	216,608	209,940
PROPERTY, PLANT AND EQUIPMENT (Note 2)	59,890	76,318
INVESTMENTS	<u>--</u>	<u>45,001</u>
	<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	<u>14,387</u>	<u>--</u>
	121,640	160,817
DUE TO SHAREHOLDER (Note 3)	51,591	231,791
LONG-TERM DEBT (Note 4)	<u>86,100</u>	<u>--</u>
	<u>259,331</u>	<u>392,608</u>
<u>SHAREHOLDER'S EQUITY</u>		
STATED CAPITAL (Note 5)	1	1
RETAINED EARNINGS (DEFICIT)	<u>17,166</u>	<u>(61,350)</u>
	<u>17,167</u>	<u>(61,349)</u>
	<u>\$ 276,498</u>	<u>\$ 331,259</u>
APPROVED		

XYZ COMPANY LIMITED
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED
JUNE 30, 2002

UNAUDITED - See "Notice to Reader"

	<u>2002</u>	<u>2001</u>
REVENUE	<u>\$ 1,104,786</u>	<u>\$ 1,133,736</u>
COST OF SALES		
Opening inventory	156,657	146,278
Delivery	1,607	1,249
Purchases	<u>740,994</u>	<u>794,101</u>
	899,258	941,628
Closing inventory	<u>159,144</u>	<u>156,657</u>
	<u>740,114</u>	<u>784,971</u>
GROSS PROFIT	<u>364,672</u>	<u>348,765</u>
OPERATING EXPENSES (schedule)	<u>286,817</u>	<u>339,905</u>
INCOME FROM OPERATIONS	<u>77,855</u>	<u>8,860</u>
OTHER INCOME (EXPENSES)		
Loss on disposal of property, plant and equipment	--	(387)
Gain on sale of investment	16,149	--
Miscellaneous	<u>(1,101)</u>	<u>337</u>
	<u>15,048</u>	<u>(50)</u>
NET INCOME BEFORE TAX	92,903	8,810
INCOME TAX EXPENSE	<u>14,387</u>	<u>--</u>
NET INCOME	78,516	8,810
(DEFICIT) - Beginning of Year	(61,350)	(54,160)
DIVIDENDS	<u>--</u>	<u>(16,000)</u>
RETAINED EARNINGS (DEFICIT) - End of Year	<u>\$ 17,166</u>	<u>\$ (61,350)</u>

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