

**XYZ COMPANY LIMITED**  
**BALANCE SHEET**  
**AS AT**  
**JUNE 30, 2002**

**UNAUDITED - See "Notice to Reader"**

	<b><u>2002</u></b>	<b><u>2001</u></b>
<b><u>ASSETS</u></b>		
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>
<b><u>LIABILITIES</u></b>		
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>
<b><u>SHAREHOLDER'S EQUITY</u></b>		
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 INCOME AND RETAINED EARNINGS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2002**

**UNAUDITED - See "Notice to Reader"**

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