

**Overlord Financial Inc.
Consolidated Financial Statements
For the six month period ended June 30, 2004
(Unaudited – prepared by management)**

Contents

Notification of Unaudited Interim Consolidated Financial Statements	2
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Deficit	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6

**NOTIFICATION OF UNAUDITED
INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited consolidated financial statements for the period ended June 30, 2004.

Overlord Financial Inc.
Consolidated Balance Sheets

	June 30, 2004 (Unaudited)	December 31, 2003 (Audited)
Assets		
Current		
Cash and cash equivalents	\$ 2,319,832	\$ 3,192,794
Accounts receivable	<u>13,622</u>	<u>60,645</u>
	2,333,454	3,253,439
Prepaid expenses	52,231	52,231
Long-term investments, at cost	1,991,549	1,627,499
Office assets	<u>115,057</u>	<u>123,952</u>
	\$ 4,492,291	\$ 5,057,121
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Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 10,564	\$ 40,833
Shareholders' equity		
Share capital (Note 3)	9,963,248	9,963,248
Contributed surplus	183,396	183,396
Deficit	<u>(5,664,917)</u>	<u>(5,130,356)</u>
	<u>4,481,727</u>	<u>5,016,288</u>
	\$ 4,492,291	\$ 5,057,121

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Overlord Financial Inc.
Consolidated Statements of Operations and Deficit
(Unaudited – prepared by management)

For the periods ended June 30	Three Months 2004	Three Months 2003	Six Months 2004	Six Months 2003
Revenue				
Advisory fees	\$ -	\$ 34,192	\$ -	\$ 45,052
Gain on sale of investments	-	-	61,064	-
Interest income	14,893	34,664	32,723	72,859
	<u>14,893</u>	<u>68,856</u>	<u>93,787</u>	<u>117,911</u>
Expense				
Amortization	8,830	8,296	17,147	16,592
Salaries and benefits	100,347	156,305	201,913	363,828
Professional fees	37,623	69,179	134,293	116,838
Rent	53,805	60,542	109,604	113,600
Travel	34,913	1,654	57,615	92,099
Office	15,375	16,733	34,484	40,434
Consulting	10,500	-	18,863	-
Business promotion	13,992	6,411	16,767	12,716
Shareholder expenses	15,270	(835)	24,848	11,204
Business taxes	-	(246)	12,814	12,402
	<u>290,655</u>	<u>318,039</u>	<u>628,348</u>	<u>779,713</u>
Net loss from continuing operations	(275,762)	(249,183)	(534,561)	(661,802)
Loss from discontinued operations	-	(2,792)	-	(2,792)
Net loss for the period	(275,762)	(251,975)	(534,561)	(664,594)
Deficit, beginning of period	(5,389,155)	(4,128,725)	(5,130,356)	(3,716,106)
Deficit, end of period	\$ (5,664,917)	\$ (4,380,700)	\$ (5,664,917)	\$ (4,380,700)
Loss per share	\$ (0.007)	\$ (0.007)	\$ (0.014)	\$ (0.017)
Weighted average number of shares	39,029,459	37,979,459	39,029,459	37,979,459

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Overlord Financial Inc.
Consolidated Statements of Cash Flows
(Unaudited – prepared by management)

For the periods ended June 30	Three Months 2004	Three Months 2003	Six Months 2004	Six Months 2003
Cash flows from operating activities				
Loss from operations	\$ (275,762)	\$ (249,183)	\$ (534,561)	\$ (661,802)
Adjustments for:				
Amortization	<u>8,830</u>	<u>8,296</u>	<u>17,147</u>	<u>16,592</u>
Cash flows from continuing operations	<u>(266,932)</u>	<u>(240,887)</u>	<u>(517,414)</u>	<u>(645,210)</u>
Net loss from discontinued operations	<u>-</u>	<u>(2,792)</u>	<u>-</u>	<u>(2,792)</u>
Cash flow from operations	<u>(266,932)</u>	<u>(243,679)</u>	<u>(517,414)</u>	<u>(648,002)</u>
Changes in non-cash working capital				
Accounts receivable	<u>10,403</u>	<u>(3,504)</u>	<u>47,023</u>	<u>148,871</u>
Accounts payable	<u>(31,556)</u>	<u>(37,210)</u>	<u>(30,269)</u>	<u>39,399</u>
	<u>(288,085)</u>	<u>(284,393)</u>	<u>(500,660)</u>	<u>(459,732)</u>
Cash flows from investing activities				
Prepaid expenses	50,000	(16,236)	-	(17,259)
Acquisition of office assets	(7,664)	(1)	(8,252)	(18,791)
Investment in public companies, long-term	(5,000)	(500,000)	(405,000)	(500,000)
Sale of public company shares	-	-	40,950	-
Recovery of short-term investment	-	-	-	600,000
	<u>37,336</u>	<u>(516,237)</u>	<u>(372,302)</u>	<u>63,950</u>
Cash flows from financing activities				
Proceeds from exercise of stock options	-	210,000	-	210,000
	<u>-</u>	<u>210,000</u>	<u>-</u>	<u>210,000</u>
Decrease in cash and cash equivalents	(250,749)	(590,630)	(872,962)	(185,782)
Cash and cash equivalents, beginning of period	<u>2,570,581</u>	<u>5,189,298</u>	<u>3,192,794</u>	<u>4,784,450</u>
Cash and cash equivalents, end of period	\$ 2,319,832	\$ 4,598,668	\$ 2,319,832	\$ 4,598,668

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Overlord Financial Inc.
Notes to Consolidated Financial Statements
(Unaudited – prepared by management)

June 30, 2004

1. Nature of Operations

Overlord Financial Inc. (the "Company") is a public company incorporated under the Business Corporations Act (Alberta) that was engaged in production, development and exploration of oil and natural gas in Canada. During 2001 the Company discontinued its oil and gas activities and implemented a new business plan. The Company's future business focuses on managing energy-related investment funds.

2. Basis of Presentation

The interim consolidated financial statements of the Company have been prepared by management in accordance with Canadian generally accepted accounting principles. The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the fiscal year ended December 31, 2003. These interim consolidated financial statements should be read in conjunction with the consolidated financial statement and the notes thereto in the Company's annual report for the year ended December 31, 2003.

Basic earnings per common share is computed by dividing earnings by the weighted average number of common shares outstanding for the period. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. The treasury stock method is used to determine the dilutive instruments, in accordance with standards approved by Canadian Institute of Chartered Accountants. Currently, there are no dilutive instruments outstanding.

3. Share Capital

(a) Authorized

Unlimited number of Common voting shares

(b) Issued

Common Shares	June 30, 2004		December 31, 2003	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of year	39,029,459	\$9,963,248	39,029,459	\$9,963,248
Shares issued	-	-	-	-
Balance, end of year	39,029,459	\$9,963,248	39,029,459	\$9,963,248
