

**Overlord Financial Inc.**  
**Financial Statements**  
For the three month period ended  
03/31/2003  
(Unaudited – prepared by management)

**Contents**

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**Financial Statements**

Balance Sheets	2
Statements of Operations and Deficit	3
Statements of Cash Flows	4
Notes to Financial Statements	5

**Overlord Financial Inc.**  
**Balance Sheets**  
(unaudited – prepared by management)

	<b>Mar. 31,</b> <b>2003</b> <b>(unaudited)</b>	<b>Dec. 31,</b> <b>2002</b> <b>(audited)</b>
<hr/>		
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 5,189,298	\$ 4,784,450
Accounts receivable	31,373	183,748
Short term investment	-	600,000
Prepaid expenses	53,559	52,536
	<u>5,274,230</u>	<u>5,620,734</u>
<b>Long-term investment, at cost</b>	<b>500,000</b>	<b>500,000</b>
<b>Capital assets</b>	<u><b>148,840</b></u>	<u><b>138,345</b></u>
	<b>\$ 5,923,070</b>	<b>\$ 6,259,079</b>
<hr/>		
<b>Liabilities and Shareholders' Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 115,150</u>	<u>\$ 38,541</u>
<b>Share capital</b>	<b>9,753,248</b>	<b>9,753,248</b>
<b>Contributed surplus</b>	<b>183,396</b>	<b>183,396</b>
<b>Deficit</b>	<u><b>(4,128,724)</b></u>	<u><b>(3,716,106)</b></u>
	<u><b>5,807,920</b></u>	<u><b>6,220,538</b></u>
	<b>\$ 5,923,070</b>	<b>\$ \$ 6,259,079</b>

See accompanying notes to financial statements.

03/31/2003

**Overlord Financial Inc.**  
**Statement of Operations and Deficit**  
(unaudited – prepared by management)

For the period ended March 31	Three months 2003	Three months 2002
<b>Revenue</b>		
Advisory fees	\$ 10,860	-
Interest Income	38,195	33,732
	49,055	33,732
<b>Expenses</b>		
Amortization of capital assets	\$ 8,296	\$ 5,496
General and administrative costs	453,378	275,074
	461,674	280,570
<b>Loss from continuing operations</b>	<b>(412,619)</b>	<b>(246,838)</b>
<b>Loss from discontinued operations</b>	03/	(382)
<b>Net loss for the period</b>	<b>(412,619)</b>	<b>(247,220)</b>
Deficit, beginning of period	(3,716,105)	(2,632,019)
<b>Deficit, end of period</b>	<b>\$ (4,128,724)</b>	<b>\$ (2,879,239)</b>
<hr style="border: 1px solid black;"/>		
<b>Loss per share</b>	<b>\$ (0.011)</b>	<b>\$ (0.005)</b>

See accompanying notes to financial statements.

**Overlord Financial Inc.**  
**Statements of Cash Flows**  
(unaudited – prepared by management)

For the period ended March 31	Three Months 2003	Three Months 2002
<b>Cash from operating activities</b>		
Net loss from continuing operations	\$ (412,619)	\$ (246,838)
Adjustments for:		
Amortization of capital assets	8,296	5,496
Cash flow from continuing operations	<u>(404,323)</u>	<u>(241,342)</u>
Net loss from discontinued operations	<u>-</u>	<u>(382)</u>
	<b>(404,323)</b>	<b>(241,724)</b>
Cash flow from operations		
Change in non-cash working capital	<u>227,961</u>	<u>(44,661)</u>
	<b>(176,362)</b>	<b>(286,385)</b>
<b>Cash from investing activities</b>		
Recovery of short-term investment	37,711	600,000
Acquisition of capital assets	<u>(18,790)</u>	<u>(91,094)</u>
	<b>581,210</b>	<b>(91,094)</b>
<b>Cash from financing activities</b>		
Proceeds from exercise of stock options	<u>-</u>	<u>40,000</u>
	<u>-</u>	<u>40,000</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>404,848</b>	<b>(337,479)</b>
Cash and cash equivalents, beginning of period	<u>4,784,450</u>	<u>7,077,896</u>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 5,189,298</b>	<b>\$ 6,740,417</b>

See accompanying notes to financial statements.

**Overlord Financial Inc.**  
**Notes to Financial Statements**

**Three months ended March 31, 2003**

**(unaudited prepared by management)**

**1 Basis of Presentation**

The interim financial statements of Overlord Financial Inc. (the "Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended December 31, 2002. These interim financial statements should be read in conjunction with the financial statements and the notes thereto in the Company's annual report for the year ended December 31, 2002.

Basic earnings per common share is computed by dividing earnings by 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.

**2 Share Capital**

(a) Authorized  
Unlimited number of Common voting shares

(b) Issued  
Common shares

	2003		2002	
	Number of Shares	Amount	Number of Shares	Amount
<b>Balance, beginning of period</b>	<b>37,979,459</b>	<b>\$ 37,711</b>	45,921,783	\$ 9,708,248
Shares cancelled	-	-	(8,167,324)	-
Stock options exercised	-	-	225,000	45,000
<b>Balance, end of period</b>	<b>37,979,459</b>	<b>\$ 9,753,248</b>	37,979,459	\$ 9,753,248

**3 Subsequent Event**

On April 20, 2003, the remaining 1,050,000 stock options were exercised at \$0.20 per share for proceeds of \$210,000.