

Overlord Financial Inc.
Financial Statements
For the nine month period ended
Tuesday, September 30, 2003
(Unaudited – prepared by management)

Contents

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)

	Sep. 30	Dec. 31,
	2003	2002
	(unaudited)	(audited)
<hr/>		
Assets		
Current		
Cash and cash equivalents	\$ 3,776,096	\$ 4,784,450
Accounts receivable	59,704	183,748
Short-term investment	-	600,000
Prepaid expenses	52,231	52,536
	<u>3,888,031</u>	<u>5,620,734</u>
Long-term investment, at cost	1,399,999	500,000
Capital assets	<u>132,248</u>	<u>138,345</u>
	\$ 5,420,278	\$ 6,259,079
<hr/>		
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 48,637	\$ 38,541
	<u>48,637</u>	<u>38,541</u>
Share capital	9,963,248	9,753,248
Contributed surplus	183,396	183,396
Deficit	<u>(4,775,003)</u>	<u>(3,716,106)</u>
	<u>5,371,641</u>	<u>6,220,538</u>
	\$ 5,420,278	\$ 6,259,079

See accompanying notes to financial statements.

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

For the period ended September 30	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
Revenue				
Advisory fees	\$ -	\$ -	\$ 45,052	\$ -
Interest Income	<u>26,119</u>	<u>41,070</u>	<u>98,978</u>	<u>110,623</u>
	<u>26,119</u>	<u>41,070</u>	<u>144,030</u>	<u>110,623</u>
Expenses				
Amortization of capital assets	8,296	11,127	24,888	24,277
General and administrative costs	<u>411,860</u>	<u>370,452</u>	<u>1,174,981</u>	<u>926,664</u>
	<u>420,156</u>	<u>381,579</u>	<u>1,199,869</u>	<u>950,941</u>
Loss from continuing operations	(394,037)	(340,509)	(1,055,839)	(840,318)
Loss from discontinued operations	(266)	(1,860)	(3,058)	(3,774)
Net loss for the period	(394,303)	(342,369)	(1,058,897)	(844,092)
Deficit, beginning of period	<u>(4,380,700)</u>	<u>(3,133,742)</u>	<u>(3,716,106)</u>	<u>(2,632,019)</u>
Deficit, end of period	\$ (4,775,003)	\$ (3,476,111)	\$ (4,775,003)	\$ (3,476,111)
<hr/>				
Loss per share	\$ (0.010)	\$ (0.008)	\$ (0.027)	\$ (0.019)

See accompanying notes to financial statements.

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

For the period ended September 30	Three Months 2003	Three Months 2002	Nine Months 2003	Nine Months 2002
Cash from operating activities				
Net loss from continuing operations	\$ (394,037)	\$ (340,509)	\$ (1,055,839)	\$ (840,318)
Adjustments for:				
Amortization of capital assets	<u>8,296</u>	<u>11,127</u>	<u>24,888</u>	<u>24,277</u>
Cash flow from continuing operations	<u>(385,741)</u>	<u>(329,382)</u>	<u>(1,030,951)</u>	<u>(816,041)</u>
Net loss from discontinued operations	<u>(266)</u>	<u>(1,860)</u>	<u>(3,058)</u>	<u>(3,774)</u>
Cash flow from operations	<u>(386,007)</u>	<u>(331,242)</u>	<u>(1,034,009)</u>	<u>(819,815)</u>
Change in non-cash working capital	<u>(36,566)</u>	<u>118,426</u>	<u>134,445</u>	<u>37,228</u>
	<u>(422,573)</u>	<u>(212,816)</u>	<u>(899,564)</u>	<u>(782,587)</u>
Cash from investing activities				
Recovery of short-term investment	-	-	600,000	-
Increase in long-term investments	(399,999)	-	(899,999)	-
Acquisition of capital assets	-	(8,174)	(18,791)	(148,517)
	<u>(399,999)</u>	<u>(8,174)</u>	<u>(318,790)</u>	<u>(148,517)</u>
Cash from financing activities				
Proceeds from exercise of stock options	-	5,000	210,000	45,000
	<u>0</u>	<u>5,000</u>	<u>210,000</u>	<u>45,000</u>
Decrease in cash and cash equivalents	(822,572)	(215,990)	(1,008,354)	(886,104)
Cash and cash equivalents, beginning of period	<u>4,598,668</u>	<u>6,407,782</u>	<u>4,784,450</u>	<u>7,077,896</u>
Cash and cash equivalents, end of period	\$ 3,776,096	\$ 6,191,792	\$ 3,776,096	\$ 6,191,792

See accompanying notes to financial statements.

Overlord Financial Inc.
Notes to Financial Statements

Nine months ended September 30, 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
Balance, beginning of period	37,979,459	\$ 9,753,248	45,921,783	\$ 9,708,248
Shares cancelled	-	-	(8,167,324)	-
Stock options exercised	1,050,000	210,000	225,000	45,000
Balance, end of period	39,029,459	\$ 9,963,248	37,979,459	\$ 9,753,248

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