

**APPAREO SOFTWARE INC.**  
**STATEMENT OF OPERATIONS AND DEFICITS**  
For the periods ended February 28, 2001 and 2000  
(Unaudited-Prepared by Management)

|   | <u>Second Quarter</u>               |                                     | <u>Cumulative</u>                   |                                     |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|   | 3 months Ended<br>February 28, 2001 | 3 months Ended<br>February 29, 2000 | 6 months Ended<br>February 28, 2001 | 6 months Ended<br>February 29, 2000 |
| <b>Revenue</b>  | \$ 293,433                          | \$ 367,870                          | \$ 500,495                          | \$ 798,872                          |
| <b>Cost of Goods Sold</b>                               |                                     |                                     |                                     |                                     |
| Product   | 135,271                             | 154,258                             | 221,436                             | 364,087                             |
| Wages & Subcontract                                     | 60,958                              | 75,664                              | 130,081                             | 158,495                             |
|   | <u>196,229</u>                      | <u>229,922</u>                      | <u>351,517</u>                      | <u>522,582</u>                      |
| <b>Gross Profit (Loss)</b>                              | <u>97,204</u>                       | <u>137,948</u>                      | <u>148,978</u>                      | <u>276,290</u>                      |
| <b>Expenses</b>   |                                     |                                     |                                     |                                     |
| Amortization  | 22,522                              | 9,349                               | 40,889                              | 18,631                              |
| General and Administration ( note 1)                    | 428,108                             | 75,584                              | 766,145                             | 171,951                             |
| Sales and Marketing ( note 2)                           | 89,779                              | 68,658                              | 120,339                             | 132,496                             |
|   | <u>540,409</u>                      | <u>153,591</u>                      | <u>927,373</u>                      | <u>323,078</u>                      |
| <b>Net Income (Loss) for the Period</b>                 | (443,205)                           | (15,643)                            | (778,395)                           | (46,788)                            |
| <b>Retained Earnings (Deficits) Beginning of Period</b> | <u>(535,361)</u>                    | <u>77,695</u>                       | <u>(200,171)</u>                    | <u>108,840</u>                      |
| <b>Retained Earnings (Deficits) End of Period</b>       | <u>\$ (978,566)</u>                 | <u>\$ 62,052</u>                    | <u>\$ (978,566)</u>                 | <u>\$ 62,052</u>                    |
| <b>Loss Per Share</b>                                   | <u>(0.04)</u>                       | <u>N/A</u>                          | <u>(0.08)</u>                       | <u>N/A</u>                          |