Fincore Industries Inc.

Financial Statements

October 31, 2002

This is Exhibit D *referred to in the affidavit of* Sheldon Gross *sworn before me, this* 14th *day of* September *2004*

A COMMISSIONER FOR TAKING AFFIDAVITS

MS MOORE STEPHENS COOPER MOLYNEUX LLP

CHARTERED ACCOUNTANTS

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October 31, 2002

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CHARTERED ACCOUNTANTS

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Auditors' Report

To the Shareholder of
Fincore Industries Inc.

We have audited the balance sheet of Fincore Industries Inc. as at October 31, 2002 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at October 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at October 31, 2001 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated December 20, 2001.

Moore Stephens Cooper Molyneux LLP

Chartered Accountants

Toronto, Ontario
January 17, 2003

Fincore Industries Inc.

Balance Sheet
October 31, 2002

		2002	2001
Assets			
Current assets			
Cash	$	**33,037**	$ -
Accounts receivable		**683,163**	372,188
Inventory		**345,455**	232,302
Prepaid expenses		**23,014**	59,434
		1,084,669	663,924
Investment in related company *(note 3)*		**1**	-
Capital assets *(note 4)*		**400,385**	2,047,409
	$	**1,485,055**	$ 2,711,333
Liabilities			
Current liabilities			
Bank overdraft	$	**-**	$ 41,017
Accounts payable and accrued liabilities		**3,454,537**	2,701,743
Due to 999361 Ontario Inc. *(note 5)*		**260,210**	252,198
Deferred revenue *(note 6)*		**74,687**	112,030
Current portion of long-term debt *(note 7)*		**25,000**	25,000
Current portion of due to landlord *(note 8)*		**14,892**	-
		3,829,326	3,131,988
Advances from related parties *(note 5)*		**3,832,143**	7,829,538
Deferred revenue *(note 6)*		**-**	74,687
Long-term debt *(note 7)*		**10,417**	35,417
Due to landlord *(note 8)*		**53,350**	-
		7,725,236	11,071,630
Deficiency in assets			
Share capital *(note 9)*		**120**	120
Contributed surplus		**3,428,617**	-
Deficit		**(9,668,918)**	(8,360,417)
		(6,240,181)	(8,360,297)
	$	**1,485,055**	$ 2,711,333

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

Approved by the Board

CHAIR

Director

Statement of Operations and Deficit
for the year ended October 31, 2002

	2002	2001
Sales	$ 11,173,541	$ 7,537,599
Cost of goods sold		
Material	3,012,793	1,942,443
Labour	4,702,047	3,773,244
Other variable expenses	1,285,489	1,244,478
	9,000,329	6,960,165
Gross profit	2,173,212	577,434
Fixed manufacturing expenses *(schedule)*	2,646,646	2,292,522
Manufacturing loss	(473,434)	(1,715,088)
Selling, general and administrative expenses *(schedule)*	1,133,176	1,257,357
Loss from operations	(1,606,610)	(2,972,445)
(Gain) loss on foreign exchange	(98,600)	407,226
Other income	(205,890)	(432,721)
Interest expense	6,381	5,679
Insurance recovery	-	(1,190,395)
	(298,109)	(1,210,211)
Net loss for the year	(1,308,501)	(1,762,234)
Deficit, beginning of year	(8,360,417)	(6,598,183)
Deficit, end of year	$ (9,668,918)	$ (8,360,417)

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

Schedule of Fixed Manufacturing and Selling, General and Administrative Expenses
for the year ended October 31, 2002

	2002	2001
Fixed manufacturing expenses		
Utilities	$ 1,265,901	$ 1,048,817
Rent	467,879	482,500
Property taxes	173,879	182,089
Equipment rental	124,203	103,988
Insurance	222,222	96,074
Amortization	392,562	379,054
	$ 2,646,646	$ 2,292,522
Selling, general and administrative expenses		
Salaries, wages and benefits	$ 541,234	$ 571,792
Management fees	148,441	164,620
Office	139,110	159,499
Travel	91,764	84,339
Commissions	67,457	-
Professional fees	49,062	88,676
Vehicle	18,440	14,770
Bad debt	13,408	57,853
Bank charges	13,263	5,379
Telephone	12,194	12,500
Meals and entertainment	10,139	28,692
Consulting	7,551	48,560
Insurance	7,202	7,721
Amortization	13,911	12,956
	$ 1,133,176	$ 1,257,357

The accompanying notes are an integral of these financial statements.

1. Business of the Company

Nature of operations

Fincore Industries Inc. ("the Company") provides electro-deposition, powder and liquid coating services to the automotive industry.

2. Significant Accounting Policies

Basis of presentation and going concern

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future.

As at October 31, 2002, the Company has a working capital deficiency of $2,744,657 (2001 - $2,468,064) and a shareholder's deficiency of $6,240,181 (2001 - $8,360,297). Management is currently taking measures to maximize cash flows from operations and, while it cannot be assured, management believes that they will be successful in generating sufficient cash flows form operations.

Accordingly, the Company's ability to continue as a going concern could depend on whether it generates sufficient cash flows form operations or makes alternative financing arrangements to meet its obligations as they come due, which cannot be predicted with certainty at this time. These financial statements do not reflect any adjustments that would be necessary if the going concern basis was not appropriate.

Inventory

Inventory, consisting entirely of raw materials, is valued at the lower of cost and net realizable value. Cost is determined on the weighted average basis.

Investment

The Company follows the cost method of accounting for its investment in preference shares of a related company.

Capital assets

Capital assets are carried at cost less accumulated amortization. Amortization is provided at rates calculated to amortize the cost of the assets over the estimated useful lives as follows:

Racking and tools	-	30 % declining balance
Furniture and fixtures	-	20 % declining balance
Computer software	-	straight line over five years
Computer hardware	-	30 % declining balance
Leasehold improvements	-	straight line over the term of the lease
Machinery and equipment	-	20 % declining balance

2. Significant Accounting Policies - Continued

Income taxes

The Company follows the asset and liability method of accounting for future income taxes. Under the asset and liability method future income taxes are determined by applying the tax rate at the end of the fiscal year to temporary differences between the accounting and tax bases of the assets and liabilities of the Company.

Revenue recognition

Revenue from services is recorded at the time goods are shipped.

Foreign exchange

Monetary assets and liabilities in U.S. dollars are translated into Canadian dollars at the year end rate of exchange and non-monetary assets and liabilities in U.S. dollars are translated into Canadian dollars at their respective historical exchange rates. Any gains or losses are reflected in income. Revenues and expenses are translated into Canadian dollars at the rate of exchange prevailing at the time of the transaction.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain amounts from prior years have been reclassified to conform to the current year's presentation.

3. Investment in Related Company

The Company owns 6,467 Series 1 First Preference shares of 999361 Ontario Inc., a related company by virtue of a common sole shareholder. The shares have a redemption value and an adjusted cost base of $6,467,000 and a paid up capital of $1.

4. Capital Assets

			2002	2001
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Racking and tools	$ 69,088	$ 60,280	$ 8,808	$ 12,583
Furniture and fixtures	43,261	35,360	7,901	8,306
Computer software	27,679	15,574	12,105	4,062
Computer hardware	58,525	43,201	15,324	19,945
Leasehold improvements	587,755	231,508	356,247	309,126
Machinery and equipment	-	-	-	1,693,387
	$ 786,308	$ 385,923	$ 400,385	$ 2,047,409

5. Related Party Transactions

The Company, 999361 Ontario Inc., Henshell Corporation and Durable G.M. Products Inc. are all controlled by a common shareholder.

a) The amount due to 999361 Ontario Inc. bears interest at 8% per annum.

b) During the year, the Company incurred expenses of $60,000 (2001 - $60,000) for equipment rental from 999361 Ontario Inc. and management fees of $148,441 (2001 - $164,620) from Durable G.M. Products Inc. The Company charged 999361 Ontario Inc. an administration fee of $12,000 (2001 - $12,000) during the year. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

c) Advances from related parties as at October 31 are as follows:

	2002	2001
Durable G.M. Products Inc. ($2,414,131 US; 2001 - $2,414,131 US)	$ 3,766,044	$ 3,838,468
Shareholder ($42,371 US; 2001 - $2,510,107 US)	66,099	3,991,070
	$ 3,832,143	$ 7,829,538

The advances bear interest at 8% per annum and are due on demand, however, as the related parties have agreed not to demand repayment during the next year, these advances have been classified as long-term liabilities. The Company has provided general security agreements as collateral for these advances. The related parties have agreed to waive the interest charges for the current and pervious years. Accordingly, no interest has been accrued in these financial statements.

5. Related Party Transactions - continued

d) On October 31, 2002, the Company sold its manufacturing machinery and equipment to 999361 Ontario Inc.for proceeds of $11,467,000. The sale price approximates the fair market value of the machinery and equipment on that date, determined by an independent appraiser. The transaction has been recorded in these financial statements at the carrying amount of the machinery and equipment ($1,571,383). Consideration for the assets consisted of 999361 Ontario Inc. assuming $5,000,000 of the Company's advances due to its shareholder and issuing to the Company 6,467 Series 1 First Preference shares. These preference shares have an aggregate redemption value and adjusted cost base of $6,467,000 but have been assigned a value for accounting purposes of $1.

Simultaneously, the Company entered into a lease for the use of these assets from November 1, 2002 until December 31, 2003, renewable annually, from January 1 to December 31 of the following year, until December 31, 2012. The rent for the first term of the lease will be $50,000 per month.

The transaction was deemed to have been made for nil consideration under the Excise Tax Act (Canada).

6. Deferred Revenue

In 1998, the Company entered into a purchase agreement for certain specific paints and related materials with a supplier for the period from July 1998 to June 2003. The supplier agreed to reimburse the Company for the acquisition of specific materials. Amounts received under this agreement have been recorded as deferred revenue and are being amortized into income over the term of the agreement.

		2002		2001
Total deferred revenue	$	74,687	$	186,717
Less amounts to be recognized as income in the following year		74,687		112,030
	$	-	$	74,687

7. Long-Term Debt

The bank loan bears interest at the bank's prime rate plus 1%, representing an effective interest rate of 5.1% (2001 - 7.4%). The loan is collaterized by a $250,000 chattel mortgage against certain machinery and equipment, the guarantee of the shareholder to a maximum of $25,000, the postponement of creditors' claims up to $250,000 and a general hypothecation of investments of the shareholder for $200,000. The loan is payable in monthly instalments of $2,083 plus interest.

Principal payments on long-term debt are as follows:

2003	$	25,000
2004		10,417
		35,417
Less current portion		25,000
	$	10,417

8. Due to Landlord

		2002
Non-interest bearing amount; payable in sixty monthly instalments of $1,241, commencing June 1, 2002	$	68,242
Less current portion		14,892
	$	53,350

Repayments in each of the next five years are as follows:

2003	$	14,892
2004		14,892
2005		14,892
2006		14,892
2007		8,674
	$	68,242

The amount is payable to the landlord of the premises from which the Company operates, for leasehold improvements of $74,447 paid by the landlord on the Company's behalf. Any unpaid monthly amounts will be due by the Company upon vacating the premises.

9. Share Capital

Authorized

Unlimited First Preference shares
Unlimited Common shares

Issued

		2002	2001
120	Common shares	$ **120**	$ 120

10. Statement of Cash Flows

a) The net change in non-cash working capital balances related to operations consists of the following:

	2002	2001
Accounts receivable	**(310,975)**	359,683
Inventory	**(113,153)**	32,349
Prepaid expenses	**36,420**	(52,203)
Accounts payable and accrued liabilities	**752,795**	(425,330)
Due to 999361 Ontario Inc.	**8,011**	769
Deferred revenue	**(112,030)**	(167,585)
	$ **261,068**	$ (252,317)

b) During the period, capital assets were acquired at an aggregate cost of $330,833 of which $74,447 was acquired on the Company's behalf by the landlord of the premises from which the company operates. Cash payments of $262,591 were made to purchase capital assets.

c) During the year, the sole shareholder advanced the Company $1,002,605 under its general security agreement as a result of a transaction which occurred during the year (*note 5d*)). The shareholder agreed that 999361 Ontario Inc. shall assume responsibility under a general security agreement for $5,000,000 of the shareholder's advances to the Company.

d) Supplemental cash flow information:

	2002	2001
Interest paid	**6,381**	5,679

11. Income Taxes

The Company has non-capital losses of approximately $1,906,800 which may be carried forward to offset taxable income in future years, the tax effect of which has not been recorded in the financial statements. These losses expire as follows:

2004	$ 396,500
2005	865,300
2008	645,000
	$ 1,906,800

12. Financial Instruments

Credit risk

The Company is exposed to credit risk on the accounts receivable from clients. In order to reduce its credit risk, the Company has adopted credit policies which include the regular review of outstanding accounts receivable. The Company does not have a significant exposure to any individual clients or counterparty.

The Company provides services to many customers, however, two customers represent 43% (2001 - 25%) of sales for the year.

Fair value

The carrying amount of accounts receivable, due from 999361 Ontario Inc., accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items.

13. Commitments

The future minimum annual lease payments, excluding operating costs, under operating leases with third parties for premises and equipment are approximately as follows:

2003	$ 464,000
2004	464,000
2005	464,000
2006	464,000
2007	464,000
	$ 2,320,000