

09/13/2004

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

BALANCE SHEET

	AS AT AUG 31, 2004	AS AT JUL 31, 2004	AS AT JUN 30, 2004	AS AT OCT 31, 2003
ASSETS				
Current				
Cash and Bank	(\$1,053,137.38)	(\$795,451.46)	(\$645,523.19)	(\$133,764.45)
Accounts receivable	\$514,850.70	\$402,290.48	\$485,783.51	\$1,124,042.32
Inventory	\$357,802.98	\$402,869.63	\$390,973.56	\$416,687.70
Prepaid expenses	\$216,490.09	\$54,854.43	\$73,201.28	\$14,244.83
Total current assets	\$36,006.39	\$64,563.08	\$304,435.16	\$1,421,210.40
Capital assets [note 3]	\$609,200.91	\$616,049.70	\$620,670.45	\$614,558.56
Investment in Preferred Shares	\$1.00	\$1.00	\$1.00	\$1.00
	<u>\$645,208.30</u>	<u>\$680,613.78</u>	<u>\$925,106.61</u>	<u>\$2,035,769.96</u>
LIABILITIES, SHARE CAPITAL AND DEFICIT				
Current				
Bank indebtedness				
Accounts payable and accrued liabilities [note 4]	\$5,359,964.86	\$5,329,702.79	\$5,451,547.39	\$5,765,497.95
Deferred revenue - current [note 5]				
Current portion of long-term debt [note 6]	\$4,090.80	\$4,090.80	\$4,090.80	\$10,417.15
Total current liabilities	\$5,364,055.66	\$5,333,793.59	\$5,455,638.19	\$5,775,915.10
Long-term debt [note 6]				
Deferred revenue - long-term portion [note 5]				
Advances from related parties [note 4]	\$6,507,753.81	\$6,457,192.75	\$6,483,792.75	\$5,505,853.98
Total liabilities	<u>\$11,871,809.47</u>	<u>\$11,790,986.34</u>	<u>\$11,939,430.94</u>	<u>\$11,281,769.08</u>
Share capital and deficit				
Share capital [note 7]	\$120.00	\$120.00	\$120.00	\$120.00
Contributed Surplus	\$3,428,616.59	\$3,428,616.59	\$3,428,616.59	\$3,428,616.59
Deficit [note 1]	(\$14,655,337.76)	(\$14,539,109.15)	(\$14,443,060.92)	(\$12,674,735.71)
Total share capital and deficit	<u>(\$11,226,601.17)</u>	<u>(\$11,110,372.56)</u>	<u>(\$11,014,324.33)</u>	<u>(\$9,245,999.12)</u>
	<u>\$645,208.30</u>	<u>\$680,613.78</u>	<u>\$925,106.61</u>	<u>\$2,035,769.96</u>

[Signature]
 A COMMISSIONER FOR TAKING AFFIDAVITS