

PACIFIC SAFETY PRODUCTS INC.
CONSOLIDATED BALANCE SHEET
(unaudited)

AS AT DECEMBER 31, 1999, JUNE 30, 1999, AND DECEMBER 31, 1998

	December 31, 1999	June 30, 1999	December 31, 1998
ASSETS			
CURRENT ASSETS			
Cash	\$ 15,523	\$ 122,010	\$ 78,397
Accounts receivable	2,311,509	1,437,194	1,910,451
Inventory	1,591,345	1,226,508	1,369,082
Prepaid expenses	17,428	45,032	13,561
	3,935,805	2,830,744	3,371,491
CAPITAL ASSETS	2,657,561	2,721,539	2,782,969
OTHER ASSETS	1,585,060	1,668,247	1,746,590
FUTURE INCOME TAXES RECOVERABLE	147,133	232,440	240,209
TOTAL ASSETS	8,325,559	7,452,970	8,141,259
LIABILITIES			
CURRENT LIABILITIES			
Bank indebtedness	1,609,362	912,670	1,401,393
Accounts payable and accrued liabilities	934,249	564,901	629,615
Deferred revenue	42,905	3,500	-
Due to related parties	-	180,949	-
Current portion of long term debt	92,740	152,520	127,892
	2,679,256	1,814,540	2,158,900
ADVANCES FROM RELATED PARTIES	-	-	204,000
LONG TERM DEBT	1,927,721	2,048,360	2,150,462
TOTAL LIABILITIES	4,606,977	3,862,900	4,513,362
SHAREHOLDERS' EQUITY			
CAPITAL STOCK	3,823,874	3,823,874	3,823,875
RETAINED EARNINGS (DEFICIT)			
Retained earnings (deficit) beginning	(233,804)	(479,337)	(479,337)
Net income	128,512	245,533	283,359
Retained earnings (deficit) ending	(105,292)	(233,804)	(195,978)
TOTAL SHAREHOLDERS' EQUITY	3,718,582	3,590,070	3,627,897
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 8,325,559	\$ 7,452,970	\$ 8,141,259

PACIFIC SAFETY PRODUCTS INC.
CONSOLIDATED STATEMENT OF INCOME
(unaudited)

PERIODS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	Six Months Ended December 31, 1999	Six Months Ended December 31, 1998
SALES	\$ 2,807,232	\$ 2,679,120	\$ 4,412,410	\$ 5,362,626
COST OF SALES				
Amortization of capital assets	37,629	38,622	71,780	69,772
Amortization of other assets	13,822	13,547	27,644	27,122
Design	37,427	36,832	67,804	72,968
Materials, labour and supplies	1,652,541	1,392,482	2,674,960	3,113,350
Total cost of sales	1,741,419	1,481,483	2,842,188	3,283,212
GROSS MARGIN	1,065,813	1,197,637	1,570,222	2,079,414
SALES AND MARKETING	172,642	392,952	356,599	581,421
RESEARCH	73,647	121,380	156,412	183,379
ADMINISTRATION				
Amortization of capital assets	24,681	25,227	49,139	52,572
Amortization of other assets	20,363	27,307	44,318	56,778
General administration	350,089	345,295	654,144	626,831
Total expenses	641,422	912,161	1,260,612	1,500,981
INCOME FROM OPERATIONS	424,391	285,476	309,610	578,433
INTEREST ON LONG TERM DEBT	46,983	53,793	95,791	102,823
INCOME BEFORE INCOME TAXES	377,408	231,683	213,819	475,610
INCOME TAXES				
Current	-	1,772	-	1,772
Future	158,096	95,610	85,307	190,479
Total income taxes	158,096	97,382	85,307	192,251
NET INCOME	\$ 219,312	\$ 134,301	\$ 128,512	\$ 283,359
EARNINGS PER SHARE	\$ 0.020	\$ 0.012	\$ 0.011	\$ 0.025
SHARES ISSUED AND OUTSTANDING	11,200,129	11,200,129	11,200,129	11,200,129

PACIFIC SAFETY PRODUCTS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)
SIX MONTHS ENDED DECEMBER 31, 1999 AND DECEMBER 31, 1998

December 31, 1999 December 31, 1998

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from customers	\$ 3,577,500	\$ 4,805,197
Cash paid to suppliers and employees	(3,934,007)	(5,847,773)
Interest paid	(133,870)	(168,740)

CASH FLOW FROM OPERATIONS	(490,377)	(1,211,316)
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INVESTING ACTIVITIES

Purchase of capital assets	(65,631)	(79,256)
Purchase of other assets	(418)	(742)

CASH FLOW USED BY INVESTING ACTIVITIES	(66,049)	(79,998)
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FINANCING ACTIVITIES

Proceeds of long term debt	100,000	-
Repayment of long term debt	(280,419)	(63,566)
Repayment of advances from related parties	(66,334)	(40,000)

CASH FLOW USED BY FINANCING ACTIVITIES	(246,753)	(103,566)
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DECREASE IN CASH AND EQUIVALENTS	(803,179)	(1,394,880)
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CASH AND EQUIVALENTS (BANK INDEBTEDNESS), BEGINNING	(790,660)	71,884
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BANK INDEBTEDNESS, ENDING	\$ (1,593,839)	\$ (1,322,996)
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REPRESENTED BY:

Cash and equivalents	\$ 15,523	\$ 78,397
Bank indebtedness	(1,609,362)	(1,401,393)
	\$ (1,593,839)	\$ (1,322,996)