

**MITEC TELECOM INC.**  
**BALANCE SHEET REVIEW**

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**Consolidated Balance Sheet**

<b>Audited</b> (in thousands of CDN dollars)	<b>As at April 30<sup>th</sup></b> <b>2001</b>	<b>As at April 30<sup>th</sup></b> <b>2000</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and term deposits	1,171	1,351
Trade receivables	25,307	8,336
Other receivables	511	914
Inventories	29,287	8,788
Income tax receivable	391	1,479
Prepaid expenses and other	1,066	513
Deferred income taxes	837	476
<b>Total current assets</b>	<b>58,570</b>	<b>21,857</b>
Capital assets	32,705	22,183
Deferred income taxes	514	1,157
Investments	1,000	1,102
Goodwill	14,762	944
	<b>107,551</b>	<b>47,243</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	10,888	1,533
Accounts payable and accrued liabilities	36,732	9,007
Current portion of long term debt	1,297	523
Current portion of obligations under capital lease	463	85
Deferred income taxes	182	0
Deferred government grant	432	0
<b>Total current liabilities</b>	<b>49,994</b>	<b>11,148</b>
Long term debt	10,520	5,204
Obligation under capital lease	683	282
Deferred income taxes	851	1,827
	<b>62,048</b>	<b>18,461</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	38,715	20,689
Retained earnings	8,270	8,529
Cumulative translation adjustment	(1,482)	(436)
<b>Total shareholders' equity</b>	<b>45,503</b>	<b>28,782</b>
	<b>\$107,551</b>	<b>\$47,243</b>



**MITEC TELECOM INC.**  
**INCOME STATEMENT REVIEW (continued)**

**Consolidated Statements of Cash Flows**

<b>Audited</b> <b>(in thousands of CDN dollars)</b>	<b>3 months ended</b> <b>April 30<sup>th</sup></b>		<b>12 months ended</b> <b>April 30<sup>th</sup></b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Operating Activities</b>				
Net income (loss) for the period	(504)	81	(259)	(628)
Add items not affecting cash:				
Amortization of capital assets and goodwill	1,979	789	4,431	2,786
Loss on disposal of capital assets	5	2	5	2
Deferred income taxes	488	(900)	35	(382)
Equity loss and goodwill amortization on long-term investment	45	-	102	-
	2,013	(28)	4,314	1,778
Changes in non-cash working capital balances related to operations	(1,555)	(91)	(4,543)	(5,241)
<b>Cash flows related to operating activities</b>	<b>458</b>	<b>(119)</b>	<b>(229)</b>	<b>(3,463)</b>
<b>Investing activities</b>				
Decrease (increase) in marketable securities	-	-	-	6,480
Additions to capital assets	(2,122)	(1,883)	(3,800)	(8,948)
Proceeds on disposal of capital assets	280	337	280	337
Business acquisition, net of cash acquired	(566)	-	(566)	(1,102)
Translation adjustment	(1,267)	19	(1,145)	90
<b>Cash flows related to investing activities</b>	<b>(3,675)</b>	<b>(1,527)</b>	<b>(5,231)</b>	<b>(3,143)</b>
<b>Financing activities</b>				
Increase in bank indebtedness	4,052	-	6,097	770
Decrease in bank indebtedness	-	(3,475)	-	(1,259)
Increase (decrease) in long-term debt	-	5,761	-	5,761
Repayment of long-term debt	(348)	(34)	(760)	(34)
Tax benefit of deemed compensation	-	-	-	-
Increase (decrease) in obligations under capital lease	(183)	367	(222)	367
Issuance of common shares	10	9	42	44
Cancelled shares under normal course issue bid	-	-	-	(203)
Translation adjustment	529	-	529	-
<b>Cash flows related to financing activities</b>	<b>4,060</b>	<b>2,628</b>	<b>5,686</b>	<b>5,446</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>843</b>	<b>981</b>	<b>226</b>	<b>(1,160)</b>
Cash and cash equivalents, beginning of year	-	-	588	1,748
<b>Cash and cash equivalents, end of year</b>	<b>843</b>	<b>981</b>	<b>814</b>	<b>588</b>
<b>Cash and cash equivalents consist of:</b>				
Cash and term deposits	220	475	1,171	1,351
Bank overdraft	623	506	(357)	(763)
	843	981	814	588



**MITEC TELECOM INC.**  
**INCOME STATEMENT REVIEW (continued)**

**Consolidated Statements of Income**

<b>Audited</b> (in thousands of CDN dollars except per share data)	<b>3 months ended</b> <b>April 30<sup>th</sup></b>		<b>12 months ended</b> <b>April 30<sup>th</sup></b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
<b>Sales</b>	39,529	12,855	77,900	42,911
Cost of sales	33,383	9,367	59,511	30,952
<b>Gross profit</b>	6,146	3,488	18,389	11,959
<b>Expenses</b>				
Research and development	1,188	1,581	6,387	5,716
Selling and administrative	4,023	2,247	9,791	7,592
Financial expenses	495	46	1,152	389
Interest income	(16)	(1)	(45)	(138)
Equity loss and goodwill amortization on long-term investment	45	0	102	0
	5,735	3,873	17,387	13,559
Income (loss) before income taxes and goodwill amortization	411	(385)	1,002	(1,600)
Income taxes	150	(504)	336	(1,125)
Income (loss) before goodwill amortization	261	119	666	(475)
Goodwill amortization	(765)	38	(925)	(153)
<b>Net income (loss) for the period</b>	(504)	81	(259)	(628)
<b>Basic and fully diluted earnings (loss) per common share</b>				
Before goodwill amortization	0.02	0.01	0.06	(0.05)
After goodwill amortization	(0.03)	0.01	(0.02)	(0.07)
<b>Average number of shares outstanding ('000)</b>	15,629	9,417	10,947	9,421

