

Adagio Corporation, Inc.
Index to the Financial Statements
For the 5 Period(s) Ending May 31, 2005



(Unaudited)

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Adagio[®]

Adagio[®]

Consolidated Departments

For the Period from April 1, 2002 to March 31, 2003

Unaudited

Review Engagement

To: Michael Mulrooney

I have reviewed the balance sheet of Adagio Corporation, Inc. as at May 31, 2005 and the statements of income, retained earnings, and cash flows for the 12 months, then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company. A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements. Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Vancouver, BC
February 18, 2005

Andrew Bates

Financial Statements as of May 31, 2005 prepared for:
Adagio Corporation, Inc.

Adagio Corporation, Inc.
100 North Charles Street
Baltimore, MD
21201

Financial Statements prepared on
Friday, the 18 day of February in the
year of 2005

1 DESCRIPTION OF BUSINESS

The business is incorporated under the provincial corporations act.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company, with the unanimous consent of its shareholders, has elected to apply the differential reporting options available to non-publicly accountable enterprises. These options were not available in prior years. The changes have been applied retroactively and where applicable the comparative figures have been restated with the effects as described in the following paragraphs:

a) Share capital

The company has elected not to disclose the attributes of share classes which have not been issued. No dollar amounts are affected by this change in any year. See note 11.

b) Income taxes

The company has elected to apply the differential reporting measurement option allowed for income taxes and, accordingly, to account for income taxes using the taxes payable method. The prior year has been restated to reduce the future tax payable and retained earnings by \$xx,xxx and net income by \$xx,xxx.

c) Financial instruments

The company has elected not to disclose fair value information about financial assets, including financial assets carried in excess of fair value, and financial liabilities for which fair value was not readily obtainable.

Inventory

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

Property, plant and equipment

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Land		non-amortizable
Buildings	4%	declining balance method
Equipment	30%	declining balance method
Motor vehicles	20%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5 years	straight line method

The company regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of the capital asset cost.

Adagio Corporation, Inc.
Notes to Financial Statements
For the 5 Period(s) Ending May 31, 2005
(Unaudited)



3 MARKETABLE SECURITIES

	May 31 2005 Net book value	February 28 2005 Net book value
Opie's Acme Company (market value \$1,500)		
Quincy's Tennis Ball Co. (market value \$75)		
Alice's Kibble Inc. (market value \$750)		
	<u>\$0.00</u>	<u>\$0.00</u>

Comments regarding marketable securities. These are pretty good securities, almost as good as cash.

You should see how they performed during the .COM boom - they're not worth as much now.

4 INVENTORIES

	May 31 2005	February 28 2005
Inventories - merchandise		
Inventories - supplies		
Inventories - other		
	<u>\$0.00</u>	<u>\$0.00</u>

5 DUE FROM (TO) SHAREHOLDERS

	May 31 2005	February 28 2005
Individual shareholder 1		
Individual shareholder 2		
	<u>\$0.00</u>	<u>\$0.00</u>

The amounts due to shareholders are non-interest bearing, have no set repayment terms and are secured by promissory notes. The shareholders have postponed repayment in favor of the bank. Accordingly, the advances from shareholders have been classified as long term liability.

See notes to the financial statements

Adagio Corporation, Inc.
Notes to Financial Statements
For the 5 Month(s) Ending May 31 05
(Unaudited)



6 PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	May 31 2005 Net book value	February 28 2005 Net book value
Land				
Buildings				
Equipment				
Motor vehicles				
Furniture and fixtures				
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

Comments regarding marketable securities. These are pretty good securities, almost as good as cash.

You should see how they performed during the .COM boom - they're not worth as much now.

The following assets included above are held under capital lease (Note 9)

	Cost	Accumulated amortization	May 31 2005 Net book value	February 28 2005 Net book value
Equipment				
	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

Other comments

7 INTANGIBLE ASSETS

	May 31 2005	February 28 2005
Goodwill - cost		
Accumulated amortization		
	<u>\$0.00</u>	<u>\$0.00</u>

Details regarding the intangible assets...

See notes to the financial statements

Adagio Corporation, Inc.
Notes to Financial Statements
For the 5 Month(s) Ending May 31 05
(Unaudited)



8 LONG TERM DEBT

	May 31 2005 Net book value	February 28 2005 Net book value
Royal Bank loan bearing interest at 8.5% per annum, repayable in monthly blended payments of \$14,452. The load matures on September 30, 2007 and is secured by 1st mortgage on 123-4 Ave SE Calgary, AB and personal guarantees by the principals of the corporation.		
Toronto Dominion loan bearing interest at 7.5% per annum, repayable in monthly blended payments of \$8,000. The loan matures on October 15, 2007 and is secured by general security agreement covering the assets of the corporation.		
Amounts payables within one year	\$0.00	\$0.00

Principal repayment terms are approximately:

2003	\$300,000
2004	300,000
2005	300,000
2006	375,000
2007	760,000
	\$2,035,000

Comments regarding long term debt

See notes to the financial statements

Adagio Corporation, Inc.
Notes to Financial Statements
For the 5 Period(s) Ending May 31, 2005
(Unaudited)



9 OBLIGATIONS UNDER CAPITAL LEASE

	May 31 2005	February 28 2005
Details of capital lease		
Amounts payable within one year		
Amounts payables within one year		
	<u>\$0.00</u>	<u>\$0.00</u>

Capital lease repayment terms are approximately

2003	\$27,500
2004	27,500
2005	27,500
2006	27,500
2007	<u>27,500</u>
Total minimum lease payments	137,500
Less: amounts representing interest at various rates	(12,500)
Balance of lease obligation	<u>\$125,000</u>

Comments regarding capital leases

10 DUE TO RELATED PARTIES

	May 31 2005	February 28 2005
Related party 1		
Related party 2		
	<u>\$0.00</u>	<u>\$0.00</u>

Advances from a related company is non-interest bearing and has no set repayment terms.

See notes to the financial statements

Adagio Corporation, Inc.
Notes to Financial Statements
For the 5 Period(s) Ending May 31, 2005
(Unaudited)



11 SHARE CAPITAL

		May 31 2005 Net book value	February 28 2005 Net book value
Authorized			
Unlimited	Class A common voting shares		
Unlimited	Class C common voting shares		
Issued			
273	Common shares Class #1	273	273
100	Preferred shares Class #1	100	100
		<u>\$373</u>	<u>\$373</u>

Comments regarding share capital

12 COSTS AND ESTIMATED EARNINGS ON UNCOMPLETED CONTRACTS

Comments regarding ongoing contracts...

	May 31 2005	February 28 2005
Costs incurred on uncompleted contracts	2,455,188	6,103,291
Estimated earnings	38,430	475,459
	2,493,618	6,578,750
Less: billings to date	(1,767,326)	(4,866,926)
	<u>\$726,292</u>	<u>\$1,711,824</u>
Indicated on the accompanying balance sheet under the following captions:		
Cost and estimated earnings in excess of billing on uncompleted contracts	\$803,459	\$1,010,659
Billings in excess of costs and estimated earnings on uncompleted contracts	(77,167)	(298,745)
	<u>\$726,292</u>	<u>\$711,914</u>

Comments can be added here. Leave this section blank to skip.

See notes to the financial statements

Adagio Corporation, Inc.
Expenses
For the 5 Period(s) Ending May 31, 2005
(Unaudited)

(Schedule 1)



Expenses	May 31 2005	February 28 2005
Summary Expenses	84,396.16	108,488.49
Expenses total	\$84,396	\$108,488

Consolidated Departments

For the Period from April 1, 2002 to March 31, 2003

Unaudited

Review Engagement

To: Michael Mulrooney

I have reviewed the balance sheet of Adagio Corporation, Inc. as at May 31, 2005 and the statements of income, retained earnings, and cash flows for the 12 months, then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the company. A review does not constitute an audit and consequently I do not express an audit opinion on these financial statements. Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

Vancouver, BC
February 18, 2005

Andrew Bates

Consolidated Departments

For the Period from January 1, 2005 to May 31, 2005

Unaudited

Notice to Reader

I have compiled the balance sheet of Adagio Corporation, Inc. as at May 31, 2005, and the statements of income, retained earnings, and cash flows for the 5 months then ended from information provided by management. I have not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of such information. Readers are cautioned that these statements may not be appropriate for their purposes.

Vancouver, BC
February 18, 2005

Andrew Bates

Consolidated Departments

For the Period from April 1, 2002 to March 31, 2003

Audited

Auditor's Report

To the shareholders of Adagio Corporation, Inc.

I have audited the balance sheet of Adagio Corporation, Inc. as at May 31, 2005 and the statements of income, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at May 31, 2005 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Company Act of British Columbia, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, BC
February 18, 2005

Andrew Bates

Financial Statements of
Adagio Corporation, Inc.

Years Ended May 31, 2005 and 2004

Adagio Corporation, Inc.

100 North Charles Street
Baltimore, MD
21201

Auditor's Report

To the Members of
Adagio Corporation, Inc.

We have audited the balance sheet of Adagio Corporation, Inc. as at May 31, 2005 and the statements of revenue and expenses and members' equity and cash flows for the year then ended. These financial statements are the responsibility of the Society'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 ma

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at May 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, Canada
February 18, 2005

Andrew Bates

Adagio Corporation, Inc.

Notes to Financial Statements

Years ended May 31, 2005 and 2004

1) Operations

The Society was incorporated under the Society Act of British Columbia on February 14, 1999. Its principal activities are to develop and promote good works.

2) Significant accounting policy

The Society's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenue is recognized when receivable and expenses are recognized at the time the obligation is incurred.

3) Property and equipment

Property and equipment are stated at cost. Amortization is not taken in the year of acquisition. Amortization on all assets except computer software is provided on a straight-line basis at an annual rate of 20 per cent. Computer software is amortized at a rate of 100%.

			2005	2004
	Cost	Accumulated amortization	Net book value	Net book value
Assets				
Computer	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Furniture	0.00	0.00	0.00	0.00
Website development	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00

4) Appropriations

The Society has committed the following amounts to certain projects:

	2005	2004
Marketing program		
Festival		
Conference		

5) Fair value of financial assets and financial liabilities

The carrying values of cash and short-term investments, accounts receivable, GST receivable, prepaid expenses and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of these items.