

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



(Unaudited)

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Adagio[®]

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Adagio Corporation, Inc.**Balance Sheet**

May 31, 2005

(Unaudited)

	May 31 2005	February 28 2005
ASSETS		
CURRENT		
Cash	127,317.07	(5,275.01)
Marketable securities (Note 1)	0.00	0.00
Accounts receivable	162,769.79	73,546.38
Inventory (Note 4)	387,205.66	233,994.24
Other Current Assets	0.00	0.00
Due from shareholders (Note 5)	0.00	0.00
	<u>677,292.52</u>	<u>302,265.61</u>
PROPERTY, PLANT AND EQUIPMENT (Note 6)	34,026.85	28,476.85
Less accumulated depreciation	(9,241.39)	(8,471.28)
INTANGIBLE ASSETS (Note 7)	0.00	0.00
DUE FROM SHAREHOLDERS (Note 5)	0.00	0.00
	<u>702,077.98</u>	<u>322,271.18</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts Payable	377,429.02	117,581.73
Income taxes payable	8,533.97	941.75
Management fees payable	0.00	0.00
Other Current Liabilities	10,000.00	10,000.00
Current portion of long term debt (Note 8)	0.00	0.00
Current portion of obligations under capital lease (Note 9)	0.00	0.00
Bonuses payable	0.00	0.00
	<u>395,962.99</u>	<u>128,523.48</u>
LONG TERM DEBT (Note 8)	0.00	0.00
DUE TO RELATED PARTIES (Note 10)	0.00	0.00
DUE TO SHAREHOLDERS (Note 5)	0.00	0.00
OBLIGATIONS UNDER CAPITAL LEASE (Note 9)	0.00	0.00
	<u>395,962.99</u>	<u>128,523.48</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 11)	0.00	0.00
Retained Earnings	306,114.99	193,747.70
	<u>306,114.99</u>	<u>193,747.70</u>
	<u>702,077.98</u>	<u>322,271.18</u>

APPROVED BY THE SOLE DIRECTOR

*Director***See notes to the financial statements**

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



	May 31 2005	February 28 2005
	<i>5 Month(s)</i>	
TRADE SALES	506,680.45	116,770.00
COST OF SALES		
Opening Inventory	0.00	0.00
Purchases	0.00	0.00
Closing Inventory	0.00	0.00
GROSS PROFIT		
FEES	0.00	0.00
Commissions		
Management fees	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
PROPERTY, PLANT AND EQUIPMENT (Note 6)	0.00	0.00
Less accumulated depreciation	0.00	0.00
INTANGIBLE ASSETS (Note 7)	0.00	0.00
DUE FROM SHAREHOLDERS (Note 5)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
EXPENSES (Schedule 1)		
INCOME FROM OPERATIONS	0.00	0.00
OTHER INCOME	0.00	0.00
Dividend income	0.00	0.00
Gain on disposal of assets	0.00	0.00
	0.00	0.00
	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
	0.00	0.00
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	0.00	0.00
INCOME TAXED	0.00	0.00
INCOME BEFORE EXTRAORDINARY ITEM	0.00	0.00
EXTRAORDINARY ITEM	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
NET INCOME	<u><u>\$0.00</u></u>	<u><u>\$0.00</u></u>

See notes to the financial statements

Adagio FX Financial Reporter
C:\FXSHIP\AF\3Income(Income Statement)
Printed on: February 18, 2005

Adagio Corporation, Inc.
Statement of Retained Earnings
For the 5 Period(s) Ending May 31, 2005
(Unaudited)



	May 31 2005	February 28 2005
	<i>5 Month(s)</i>	
RETAINED EARNINGS - BEGINNING OF PERIOD	314,542.16	166,474.58
NET INCOME FOR THE PERIOD	(8,427.17)	27,273.12
	<u>306,114.99</u>	<u>193,747.70</u>
DIVIDENDS PAID	0.00	0.00
RETAINED EARNINGS - END OF PERIOD	<u><u>306,114.99</u></u>	<u><u>193,747.70</u></u>

See notes to the financial statements

Adagio FX Financial Reporter
 C:\FXSHIP\AF\3RetainedEarnings(Retained Earnings)
 Printed on: February 18, 2005

Adagio Corporation, Inc.
Statement of Cash Flow
For the 5 Month(s) Ending May 31, 2005
(Unaudited)



	May 31 2005	February 28 2005
	<i>5 Month(s)</i>	
OPERATING ACTIVITIES	506,680.45	116,770.00
Cash receipts from customers		
Cash paid to suppliers and employees	0.00	0.00
Income taxes paid	0.00	0.00
Interest paid		
Dividend income	0.00	0.00
Unusual items		
Cash flow from operating activities		
INVESTING ACTIVITIES	0.00	0.00
Purchase of equipment		
Proceeds on disposal of equipment		
Sale (purchase) of marketable securities		
Commissions		
Cashflow used by investing activities	0.00	0.00
FINANCING ACTIVITIES		
Dividends paid		
Advances from related parties		
Advances from (to) shareholders		
Proceeds from long term financing		
Repayment of long term debt	0.00	0.00
Repayment of lease obligations	0.00	0.00
Cash flow from financing activities	0.00	0.00
INCREASE IN CASH FLOW		
Cash - beginning of period		
CASH - END OF PERIOD	0.00	0.00
	0.00	0.00
See notes to the financial statements		

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
	<hr/>	<hr/>
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	<hr/>	<hr/>
	<u>\$0.00</u>	<u>\$0.00</u>

Principal repayment terms are approximately:

2003	\$300,000
2004	300,000
2005	300,000
2006	375,000
2007	760,000
	<u>\$2,035,000</u>

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
		\$373	\$373

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)
	\$726,292	\$1,711,824
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)
	\$726,292	\$711,914

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
Accounting fees	684.75	858.00
Advertising	3,250.00	9,520.85
Communications	6,664.94	15,775.08
Computer expenses	0.00	1,267.02
Consultant Salaries	48,764.64	10,000.00
Contributions	0.00	346.06
Depreciation expense	1,448.13	4,068.12
Dues and subscriptions	56.85	366.70
Insurance - Health	6,269.20	15,046.08
Legal fees	0.00	1,919.45
Meals & Entertainment	0.00	1,083.97
Miscellaneous expense	0.00	497.40
Payroll Taxes	3,194.40	0.00
Office Expense	1,116.54	1,937.40
Postage and Shipping	781.64	2,735.01
Promotional	0.00	1,866.64
Publications & Books	0.00	460.97
Sales and Use Tax Expense	7,000.00	16,800.00
Software & Demo's	0.00	8,838.76
Training & Seminars	0.00	5,789.99
Travel Expenses	0.00	1,055.34
Utilities	3,585.08	8,255.65
Discounts	1,973.55	0.00
Interest Income	(399.79)	0.00
Writeoffs	6.23	0.00
Expenses total	\$84,396	\$108,488

See notes to the financial statements

Adagio FX Financial Reporter

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