

ZTEST ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT (Unaudited)
For the Nine Months Ended March 31

	2001	2000
Revenue		
Design services	\$ 83,105	\$ 480,778
Product sales	3,565,614	416,425
Other revenue	841,989	214,357
	4,490,708	1,111,560
Expenses		
Amortization	216,365	146,140
Cost of goods sold	2,525,252	676,142
Selling, general and administrative expenses	1,419,179	429,442
Interest expense	82,641	150,623
Dividends on preferred shares	8,158	26,622
	4,251,595	1,428,969
Net income (loss) before the under-noted	239,113	(317,409)
Gain on sale of investment	118,257	-
Share of loss of significantly influenced investment	-	(435,796)
Operating net income from discontinued operations	-	55,171
Net loss from discontinuance of operations	-	(40,385)
	\$ 357,370	\$ (738,419)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
For the Nine Months Ended March 31

	2001	2000
Cash Provided by (used in)		
Operating Activities		
Net income (loss) for the period	\$ 357,370	\$ (738,419)
Items not involving cash		
Amortization of goodwill	95,968	87,708
Amortization of capital assets	120,397	68,571
Amortization of deferred development costs	-	33,779
Loss from discontinuance of operations	-	40,385
Non-controlling interest in net income of discontinued operations	-	48,417
Share of loss of significantly influenced investment	-	435,796
Changes in non-cash working capital items:		
Accounts and investment tax credits receivable	(2,384,971)	(446,536)
Inventories	440,663	(381,416)
Prepaid expenses	(136,864)	(61,106)
Amounts receivable	181,487	188,193
Accounts payable and accrued liabilities	334,064	(194,427)
Deferred income and customer deposits	(405,033)	(42,134)
	(1,396,919)	(961,189)
Investing Activities		
Cash deficiency and goodwill acquired	(287,431)	-
Purchase of capital assets	(302,140)	(325,035)
Investments and advances	(45,981)	(3,062,746)
	(635,552)	(3,387,781)
Financing Activities		
Capital lease obligation	(24,470)	18,310
Long-term debt	201,363	(102,064)
Notes payable and other advances	-	(2,304)
Issuance of preferred shares	-	2,555,755
Payment of commitment	(300,000)	-
Dividends on preferred shares	(1,438)	(4,692)
Issuance of common shares	1,447,960	1,893,892
	1,323,415	4,358,897
Increase (decrease) in cash	(709,056)	9,927
Cash, beginning of period	575,406	143,419
Cash (deficiency), end of period	\$ (133,650)	\$ 153,346