

Cardinal Factor Corporation

Interim Consolidated Financial Statements

October 31, 2001

Cardinal Factor Corporation

Consolidated Balance Sheets

(unaudited)

	Note	October 31, 2001	January 31, 2001 (audited)
Assets			
Current			
Receivables and prepaids		\$ 6,678	\$ 3,865
Capital assets	3	16,617	18,658
		\$ 23,295	\$ 22,523

Liabilities

Current			
Bank indebtedness	4	\$ 37,251	\$ 31,530
Accounts payable and accrued liabilities		25,370	62,022
		62,621	93,552

Shareholders' Deficiency

Capital stock	5	354,737	133,737
Deficit		(394,063)	(204,766)
		(39,326)	(71,029)
		\$ 23,295	\$ 22,523

Approved by the Board "Andrew Colebeck" Director "Tom Reber" Director
(Signed) (Signed)

See accompanying notes.

Cardinal Factor Corporation

Consolidated Statements of Operations and Deficit

(unaudited)

	Three Months Ended October 31, 2001	Three Months Ended October 31, 2000	Nine Months Ended October 31, 2001	Period from Incorporation (March 16, 2000) to October 31, 2000
Expenses				
Management and consulting fees	\$ 27,104	\$ 14,000	\$ 68,604	\$ 35,577
Development costs	3,731	-	5,781	-
General and administrative	32,554	11,486	53,545	14,239
Professional fees	11,261	4,869	32,180	10,677
Occupancy costs	8,791	-	24,694	-
Website hosting	11,647	-	11,647	-
Amortization	2,276	1,520	4,862	3,717
	97,364	31,875	201,313	64,210
Less: consulting income	5,882	3,300	12,016	3,300
Net loss	(91,482)	(28,575)	(189,297)	(60,910)
Deficit at beginning of period	(302,581)	(32,335)	(204,766)	-
Deficit at end of period	\$ (394,063)	\$ (60,910)	\$ (394,063)	\$ (60,910)
Net loss per share	\$ (0.004)	\$ (0.002)	\$ (0.010)	\$ (0.004)

See accompanying notes.

Cardinal Factor Corporation

Consolidated Statements of Cash Flows

(unaudited)

	Three Months Ended October 31, 2001	Three Months Ended October 31, 2000	Nine Months Ended October 31, 2001	Period from Incorporation (March 16, 2000) to October 31, 2000
Cash flows from operating activities				
Net loss for year	\$ (91,482)	\$ (28,575)	\$ (189,297)	\$ (60,910)
Add item not affecting cash				
Amortization	2,276	1,520	4,862	3,717
	(89,206)	(27,055)	(184,435)	(57,193)
Changes in non-cash working capital items				
Receivables and prepaids	(2,813)	(164)	(2,813)	(4,653)
Accounts payable and accrued liabilities	(5,327)	1,775	(36,652)	(4,810)
Deferred costs	-	-	-	(525)
	(97,346)	(25,444)	(223,900)	(67,181)
Cash flows from investing activities				
Purchase of capital assets	(2,821)	(11,757)	(2,821)	(11,757)
Acquisition, net of cash acquired	-	-	-	(50,069)
	(2,821)	(11,757)	(2,821)	(61,826)
Cash flows from financing activities				
Issuance of capital stock	68,750	18,000	221,000	73,736
Decrease in cash during the period	(31,417)	(19,201)	(5,721)	(55,271)
Bank indebtedness at beginning of period	(5,834)	(36,070)	(31,530)	-
Bank indebtedness at end of period	\$ (37,251)	\$ (55,271)	\$ (37,251)	\$ (55,271)

See accompanying notes.

Cardinal Factor Corporation

Notes to Consolidated Financial Statements

October 31, 2001

(unaudited)

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

Cardinal Factor Corporation ("Cardinal" or the "Company") is a development stage enterprise focussed on the development of internet technology and internet business. The Company seeks to capitalize on the growth in internet based business to business technology. The Company's mission is to target lucrative opportunities to develop and market internet network based technologies through the synergies created by its wholly-owned subsidiaries.

The continuation of the Company's development activities and the attainment of profitable operations is dependent on the Company's ability to successfully complete its development programs and finance its cash requirements through a combination of equity financing and payments from strategic partners. It is not possible to predict the outcome of future development programs or the Company's ability to fund its cash requirements over the term of its development stage.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with those statements.

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	October 31, 2001	Net January 31, 2001
Furniture and fixtures	\$ 7,307	\$ 1,717	\$ 5,590	\$ 6,576
Computer equipment	12,796	6,637	6,159	5,128
Leasehold improvements	8,345	3,477	4,868	6,954
	<u>\$ 28,448</u>	<u>\$ 11,831</u>	<u>\$ 16,617</u>	<u>\$ 18,658</u>

4. BANK INDEBTEDNESS

The Company has a line of credit of \$50,000 which bears interest at the bank's prime rate plus 1.5% per annum. The line of credit is secured by a general security agreement covering all assets of the Company and personal guarantees from certain officers and directors of the Company.

Cardinal Factor Corporation

Notes to Consolidated Financial Statements

October 31, 2001

(unaudited)

5. CAPITAL STOCK

Authorized
unlimited common shares

	Number of Shares	Amount
Issued		
Pre-reverse takeover transactions:		
Cardinal Factor Inc.		
On incorporation, March 16, 2000	200	\$ 20
Issued for cash	85	55,716
Balance at July 18, 2000	285	\$ 55,736
Cardinal Factor Corporation		
Balance at March 16, 2000	1,502,716	\$ 1
Balance at July 18, 2000	1,502,716	\$ 1
Post reverse takeover transactions:		
Balance at July 18, 2000	1,502,716	\$ 55,736
Issued to effect reverse takeover	14,250,000	1
Issued for cash on exercise of warrants	845,000	76,500
Issued for cash on exercise of stock options	7,500	1,500
Balance at January 31, 2001	16,605,216	133,737
Issued for cash on exercise of warrants	2,385,643	221,000
Balance at October 31, 2001	18,990,859	\$ 354,737

6. STOCK OPTIONS AND WARRANTS

The Company has the following stock options outstanding to officers and directors:

Number of Options	Exercise Price	Expiry Date
1,042,500	\$0.20	February 19, 2002
50,000	\$0.40	February 19, 2002

The Company has the following warrants outstanding:

Number of Warrants	Purchase Price	Expiry Date
11,020,000	\$0.10	July 28, 2002

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7. LOSS PER SHARE

The loss per share amounts were calculated using the weighted average number of shares outstanding of 17,865,124 (2000 - 15,827,716).

8. RELATED PARTY TRANSACTIONS

During the three month period ended October 31, 2001, the Company paid management fees of \$10,500 to shareholders and directors or companies owned by directors and shareholders.

9. SUBSEQUENT EVENT

Subsequent to the end of the period, the Company completed an acquisition of Nica-Elke Corporation's Internet Properties in exchange for 300,000 common shares of the Company.