

NSTEIN TECHNOLOGIES INC.
Consolidated Balance Sheet (unaudited)
As at September 30, 2000

Assets

Current assets

Cash and short-term investments	8,867,917
Term deposits	800,000
Sales tax receivable and other	7,053
Research tax credits receivable	808,000
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	10,482,970

Capital assets

2,638,334

13,121,304

Liabilities

Current liabilities

Accounts payable and accrued liabilities	
Corporate shareholders	166,142
Other trade	834,049
Current portion of long-term debt	1,281,608
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	2,281,799

Long-term debt

2,340,527

Shareholders' Equity

Share Capital	12,817,068
Deficit	(4,318,090)
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	8,498,978

13,121,304

NSTEIN TECHNOLOGIES INC.
Statement of Earnings (unaudited)

	Three months ended September 30, 2000	From August 27, 1999 to September 30, 2000
Operating, Selling and Administrative expenses	\$ 563,833	\$ 2,088,275
Research and development expenses	346,400	1,713,242
Financial expenses, net	12,626	47,642
Depreciation	350,175	468,931
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Net loss for the period	\$ 1,273,034	\$ 4,318,090
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Loss per share	0.02	0.08
Weighted average number of shares	84,267,165	54,493,672

NSTEIN TECHNOLOGIES INC.
Statement of Cash Flows (unaudited)

	Three months ended September 30, 2000	From August 27, 1999 to September 30, 2000
Cash flows from operating activities		
Net loss for the period	(1,273,034)	(4,318,090)
Depreciation	350,175	468,931
	<u>(922,859)</u>	<u>(3,849,159)</u>
Net changes in non-cash working capital items	(285,952)	185,138
Cash flows from financing activities		
Long-term debt contracted	2,429,480	2,929,480
Reimbursement of long-term debt	(155,482)	(1,547,148)
Share capital	-	13,275,420
Share issue expenses	(64,644)	(1,018,352)
	<u>2,209,354</u>	<u>13,639,400</u>
Cash flows from investing activities		
Term deposits	(450,000)	(800,000)
Purchase of capital assets	(4,427)	(307,462)
	<u>(454,427)</u>	<u>(1,107,462)</u>
Increase in cash and short-term investments	546,116	8,867,917
Cash and short-term investments - beginning of period	8,321,801	-
Cash and short-term investments - end of period	<u>8,867,917</u>	<u>8,867,917</u>
Additional information		
Items not affecting cash related to financing and investing activities		
Software acquired in consideration of long-term debt	1,750,000	1,750,000
Software acquired in consideration of Class A share issue	160,000	160,000
Reimbursement of long-term debt in consideration of Class A share issue	400,000	400,000
Capital lease	889,803	889,803
Interest paid	63,237	71,902
Income taxes paid	-	-