

SURE-WAY SYSTEMS, INC.
 COMBINING STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Sure-Way Systems, Inc.	Sure-Way Transportation, Inc.	Eliminations	Combined Total
REVENUE				
Waste hauling, disposal and sharps fees	\$ 2,454,101			\$ 2,454,101
Container sales	192,043			192,043
Cost of goods sold	(160,065)			(160,065)
Gross profit	<u>31,978</u>			<u>31,978</u>
OPERATING EXPENSES				
Waste hauling and disposal	228,264			228,264
Salaries	771,896			771,896
Advertising	4,421			4,421
Dues and subscriptions	1,251			1,251
Charitable contributions	695			695
Property and sales taxes	41,729			41,729
Insurance	109,783			109,783
Payroll taxes	120,231			120,231
Professional services	47,080			47,080
Employee benefits	56,608			56,608
Rent and lease	52,505			52,505
Fuel	104,577			104,577
Lodging and travel	36,890			36,890
Utilities	34,276			34,276
Repairs and maintenance	105,750			105,750
Telephone	41,429			41,429
Supplies	149,349			149,349
Meals and per diem	27,154			27,154
Automobile expense	1,697			1,697
Postage and freight	52,385			52,385

(CONTINUED)

The accompanying notes are an integral part of these financial statements.

SURE-WAY SYSTEMS, INC.
 COMBINING STATEMENT OF OPERATIONS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Sure-Way Systems, Inc.	Sure-Way Transportation, Inc.	Eliminations	Combined Total
OPERATING EXPENSES - CONTINUED				
Licenses and permits	13,902			13,902
Bank charges	2,073			2,073
Depreciation and amortization	306,813			306,813
Commissions	14,303			14,303
Bad debt expense	17,906			17,906
Total operating expenses	<u>2,342,967</u>	-	-	<u>2,342,967</u>
OPERATING INCOME	<u>143,112</u>	-	-	<u>143,112</u>
OTHER INCOME (EXPENSES)				
Interest income	1,862			1,862
Interest expense	(83,448)			(83,448)
Gain on disposal of fixed assets	18,222			18,222
Lease income	10,107			10,107
Other income	16,007			16,007
Investment income	38,597			38,597
Total other income	<u>1,347</u>	-	-	<u>1,347</u>
NET INCOME BEFORE INCOME TAXES	<u>144,459</u>	-	-	<u>144,459</u>
INCOME TAX (PROVISION) BENEFIT (NOTE I)	<u>(10,881)</u>	-	-	<u>(10,881)</u>
NET INCOME	<u>133,578</u>	-	-	<u>133,578</u>
RETAINED EARNINGS (DEFICIT) - Beginning of year	<u>(292,234)</u>	-	-	<u>(292,234)</u>
RETAINED EARNINGS (DEFICIT) - End of year	<u>\$ (158,656)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (158,656)</u>

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SURE-WAY SYSTEMS, INC.
 COMBINING STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Sure-Way Systems, Inc.	Sure-Way Transportation, Inc.	Eliminations	Combined Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income (loss)	\$ 133,578	-	\$ -	\$ 133,578
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	306,813	-	-	306,813
Gain on disposal of fixed assets	(18,222)	-	-	(18,222)
Investment gains	(38,597)	-	-	(38,597)
(Increase) decrease in				
Accounts receivable - trade	(99,394)	-	-	(99,394)
Receivables from employees inventory	(10,060)	-	-	(10,060)
Prepaid expenses and deposits	87,422	-	-	87,422
Increase (decrease) in	5,086	-	-	5,086
Accounts payable	58,910	-	-	58,910
Property and sales taxes payable	18,579	-	-	18,579
Payroll and payroll tax liabilities	18,477	-	-	18,477
Income taxes payable	(7,259)	-	-	(7,259)
Accrued vacation	1,510	-	-	1,510
Deferred taxes payable	17,012	-	-	17,012
Accrued interest payable	(693)	-	-	(693)
Commissions payable	2,419	-	-	2,419
Customer advance payments	4,864	-	-	4,864
Net cash provided by operations	480,445	-	-	480,445

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SURE-WAY SYSTEMS, INC.
 COMBINING STATEMENT OF CASH FLOWS - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Sure-Way Systems, Inc.	Sure-Way Transportation, Inc.	Eliminations	Combined Total
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(535,427)	-	-	(535,427)
Purchase of intangible assets	(8,000)	-	-	(8,000)
Sales of property, plant and equipment	26,752	-	-	26,752
Proceeds from note receivable	12,776	-	-	12,776
Purchase of investment	(10,070)	-	-	(10,070)
Net cash used in investing activities	<u>(513,969)</u>	<u>-</u>	<u>-</u>	<u>(513,969)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on long-term debt	(204,470)	-	-	(204,470)
Proceeds from long-term debt	139,367	-	-	139,367
Principal payments on capital lease	(30,741)	-	-	(30,741)
Advances on capital lease	108,143	-	-	108,143
Principal payments on related party debt	(3,700)	-	-	(3,700)
Net cash provided by financing activities	<u>8,599</u>	<u>-</u>	<u>-</u>	<u>8,599</u>
CHANGE IN CASH AND CASH EQUIVALENTS				
	<u>(24,925)</u>	<u>-</u>	<u>-</u>	<u>(24,925)</u>
CASH AND CASH EQUIVALENTS				
Beginning of year	44,207	-	-	44,207
End of year	<u>\$ 19,282</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,282</u>
SUPPLEMENTAL DISCLOSURES				
Cash used to pay interest	<u>\$ 84,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,141</u>
Cash used to pay income taxes	<u>\$ 18,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,140</u>

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