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TECHNICAL VENTURES INC

Form 10KSB

October 16, 2003

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C.. 20549

FORM 10-KSB

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED JUNE 30, 2003

☐ TRANSITIONAL REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Commission file number 33-2775-A  
TECHNICAL VENTURES INC.  
(Exact name of registrant as specified in its charter)

New York State  
(State or other Jurisdiction  
of incorporation or  
organization)

13-3296819  
(I.R.S. Employer  
Identification No.)

3411 McNicoll Avenue, Unit 11  
Scarborough, Ontario, Canada  
(Address of principal executive offices)

M1V 2V6  
(Zip Code)

Registrant's telephone number, including area code: (416) 299-9280

Securities registered pursuant to Section 12 (b) of the Act: NONE

Securities registered pursuant to Section 12 (g) of the Act:

Common Stock, \$.01 Par Value

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
Registrant was required to file such reports) and (2) has been subject to such  
filing requirements for the past 90 days. Yes ☒ No ☐

Check if there is no disclosure of delinquent filers in response to Item 405  
of Regulation S-B is not contained in this form, and no disclosure will be  
contained to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-  
KSB or any amendment to this Form 10-KSB ☐

State Issuer's revenues for its most recent fiscal year, \$850,235

The appropriate aggregate market value of the voting stock of the Registrant  
held by non-affiliates of the Registrant as of June 30, 2003 (based upon  
the average bid and asked prices as reported by the National Association of  
Securities Dealers Automatic Quotation System) was approximately \$5,357,463.

The number of shares outstanding of the Registrant's common stock, as of  
June 30, 2003 is 41,236,106 .

Exhibit index is located on page 23 of this Annual Report on Form 10-KSB.

TECHNICAL VENTURES INC.  
FORM 10-KSB A  
Fiscal Year Ended June 30, 2003

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### Item 1. Business

#### Introduction:

Technical Ventures Inc. (TVI) is a New York State corporation formed on June 14, 1985 to raise capital for the purpose of seeking business acquisition possibilities throughout North America. The primary objective was to search for a business which in the opinion of its management, demonstrated long-term growth potential that would warrant involvement. On April 14, 1986, TVI acquired all the issued and outstanding shares of common stock of Mortile Industries Ltd. (Mortile) a Canadian corporation.

Technical Ventures Inc.'s subsidiary Mortile Industries Ltd., deals in the design, development, and manufacturing of proprietary polymers, composite and specialty compounds; additionally Mortile compounds proprietary formulations of the customer. The application of TVI's products expands into every area of plastics. Repetitive business is constant, because of the technical complexity of the various products and loyalty to TVI by it's customers.

Prior to April 1992, TVI had been considered to be in development.

Since inception, \$ 3,399,945 US has been expended in the development of products, including \$117,812 in fiscal 2003, \$69,894 in 2002 and \$57,961 during fiscal 2001.

Present operations, assets and employees are primarily those of Mortile. At June 30, 2002 there were fifteen full time employees, all being employees of Mortile.

Having built a background in technology, coupled with management's expertise, customers support, future planning strategies and with financial backing; Technical Ventures and its subsidiary Mortile Industries, Ltd. is poised for rapid growth.

#### Product & Service Description:

The development of the products and service has been a lengthy process. However, the management believes the market potential of the products will justify the time and costs. The products

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have the means to lower their client's cost of raw materials while maintaining the product's performance. This has led to several reputable firms taking notice of the Company's achievements

Subsidiary, Mortile Industries Ltd., deals in proprietary polymer/thermoplastic compounds, composite compounds (a composition of plastic with other powdered materials), and specialty compounds which it produces by mixing and pelletizing proprietary formulations specified by its customers. It is engaged in the design, development and manufacture of highly engineered specially formulated, high performance polymer materials. Products and services are sold to end-use manufacturers in the industrial equipment, transportation, electronics, munitions and process industries markets.

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Some of the Company's keys to success are:

Success rate and performance of the Company's products

Technical expertise and background of scientists and engineers

Technical support provided for customers

Global patents and licenses on the technologies

Strategic alliances with large multinational firms

Timing in a market where change is needed.

Technologies:

Efforts have focused on the development of proprietary thermoplastic compounds (plastics mixed with other solid materials) and specialty compounding services provided by mixing and pelletizing proprietary formulations specified by its customers.

Polymer Technologies

A polymer consists of chains of molecules, called monomers, that combine or polymerize (normally with help from a catalyst) to form large molecular structures. Polymers are very versatile materials. For example, they can be cast into molds to create intricate structures, extruded through a spinneret to make fibers, or blended with liquids - including water - to make coatings, adhesives and thickeners. As a result, polymers have replaced, and continue to replace, natural products such as metal, wood, paper, cotton and glass in a broad range of applications. Moreover, the substitution is not driven primarily by cost, but by the increasing desirability of polymers based on their versatility and performance characteristics.

In light of growing environmental pollution concerns, It is expected that the plastics industry will be forced by legislation to develop and manufacture plastics that are recyclable or to include recycled content. The plastics industry

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has undertaken extensive research to develop cost-effective products that are both durable and flame-retardant.

### Composite Technology:

The object of composite technology is to mix plastic binders with powder materials of choice, and to prove specified strength and durability designed for use in a variety of plastics and foaming processes including injection, molding and extruding. The end result is a material that is both strong and durable, yet has flexible design options so it can be used in injection molding applications.

Injection molding is a process by which a compound is heated to a fluid state and injected into a cavity mold in the shape or form and density required. The fluid compound flows to the shape of the mold and is cooled to a solid state and then removed. Injection molding is a significantly less expensive alternative to machining and die casting.

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This process reduces the cost of machining and die casting significantly. By applying existing technology to new ideas, TVI can successfully produce, for example, metal/plastic compounds suited to meet demand for the replacement of lead and other metals in many applications. Opportunities to market these compounds exist in a variety of industries including automotive and munitions.

### Specialty Compounds Technology:

Specialty compounding may be defined as the compounding and enhancement of the customer's proprietary formulation(s) into pellet form, which is a semi-manufactured form. This process involves the customer's presentation of required mix components, the physical mixing of the components, and then pelletizing the compound. Component raw materials for this process may be supplied by the customer or purchased on behalf of the customer.

One aspect of this service is what is known as master batches. This is the pre-dispersion of highly concentrated powders, which are to be mixed and diluted by "letdown" with resins in the final stages of manufacture. The predisposed powders are added to the resins at the end-user extruder or molder. Typical master batches are: foaming agents, sulfur, zinc oxide, flame retardants, curing agents, processing aids, antioxidant stabilizers and slip and anti block agents.

A large portion of TVI's revenue for fiscal year end 2002, and the majority of efforts have been concentrated on specialty compounding. The customers need to enhance and compound their proprietary formulations into a pellet form. With the assistance of the customer, TVI formulates the most effective and efficient method to mix the components.

Customers who retain TVI for specialty compounding are

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manufacturers of end-use plastics and plastic products. Generally, many manufacturers of these products do not compound component materials into a pelletized form themselves prior to manufacturing end products. However, an increasing number of manufacturers prefer this process because it provides for a more perfect dispersion of component materials which are often in powder form, thereby streamlining their thermoforming systems.

Specialty compounding is particularly useful when manufacturing components are reactive. For example, reactive components are used in the curing or cross-linking of rubber or plastic. Additionally, because powder components are difficult to work with, manufacturers prefer to work with pelletized master batches, as there are less environmental risks. TVI is fully capable of providing their customers with this pelletized form for ease of use and safety.

### Research and Development

The research and development of the aforementioned technologies is targeted to establish as much technical and test data information needed to provide the technical sales staff and potential customers with technical sales information. Product technical sales brochures are developed in order to inform potential customers and employees of the comparative benefits of TVI products and services.

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Future development of products will focus on specific problems experienced in the marketplace and attempt to solve these problems with potential customers. There are thousands of injection molders and extruders operating with many different polymer and die configurations. The trained technical staff will be called upon to satisfy the customers' needs. Research and development will also continue to add additional products to meet the market requirements.

### Patents

TVI sold significant patented and proprietary technologies to the Dow Chemical Company in 1998, but retained certain licenses and rights to use these. It also has developed other proprietary technology and trade secrets. Since all manufacturing is "in-house" it is able to protect its technology and quality while continually improving the product to maintain the customer loyalty.

### Products

Technical Ventures, Inc. establishes a very close relationship with its customers and their needs, which allows it to identify areas of opportunity that may be exploited. It has developed a range of materials, having broad applications such as fillers, foaming agents, and pigment extenders. This product group delivers unique user benefits, such as smaller consistent cell size, which produces a stronger product and/or higher foaming capability. This translates into a lower raw material cost,

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which in turn reduces cost for the end-use manufacturer. The market for the product is large with a potentially large application in the automotive and construction market worldwide.

### Polymer Compounds:

TVI has developed, conducted extensive research and testing in the construction and transportation industries; manufactured and sold one type of flame retardant, nontoxic, thermoplastic compound, which minimizes the hazards of fire and can be easily processed into end-use products. Additionally, the products possess anti-combustion, low toxicity attributes.

Although the sale of TVI's thermoplastic products has not represented a significant portion of revenues to date, it is believed that these products have significant market potential.

### Composite Compounds:

Using composite compounds, TVI has successfully produced metal/plastic materials that can be used in many applications as a replacement for lead and other metals. Presently, supplies this product for bushings in copiers and fax machines, and is expected to market metal replacement compounds in the automotive, construction and firearms markets.

Many laws constraining use of lead are currently being reviewed by governments around the globe. A replacement will be needed for lead in munitions, fishing sinkers and lures, and various other lead based products. TVI can provide this replacement material with their composite compounds with none of the hazards that lead poses to the environment.

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### Specialty Compounds:

TVI has been selling a reinforcing agent used to increase the stiffness of plastics used for crates and component parts. The product has been thoroughly tested in incubator trays for the poultry industry and will now be offered to the industry at large.

The development of a specialty compound called Morfoam which acts as a chemical foaming agent, nucleating agent and processing aid, which undergoes an endothermic chemical reaction at processing temperatures. This reaction produces a gas resulting in fine cell structures in extrusion and molded parts. The Morfoam technology combines a chemical foaming agent, nucleating agent and processing aid into one easy to use master batch. Morfoam is a multi-component chemical concentrate encapsulated in a polyolefin carrier. Morfoam is produced in pellet form in order for customers to easily blend or meter into a wide range of polymer products.

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As a foaming agent Morfoam produces a uniform cell structure that can reduce part densities by 40% or more. The fine foam structure also increases opacity, which allows for lower titanium dioxide levels in film and sheet. The inherent fine particles in Morfoam also act as an efficient nucleating agent generating large quantities of fine closed cells. Morfoam also improves cell structures and reduces voids when nitrogen is used as the primary foaming agent. Morfoam can be used as a processing aid in extrusion and injection molding for improved output rates, reduced cycle times and enhanced surface appearance. Morfoam also reduces part stresses, sink marks, pinholes and furthermore acts as an efficient purging/cleaning agent.

During fiscal 2003 the company finished developing its HSF type foaming compound. HSF is a cross-linkable - expandable plastic compound made for direct injection processes. During a 'direct inject' process a granular, expandable compound is being transformed with a specialized injection molding machine into a finished foamed part, which combines several features, such as fine and closed cell structure, soft skin, profiled and color surface, flexibility, buoyancy and light weight. HSF is based on ethylene and propylene (co)polymers blends which can be processed into a finished foamed part with commercially available injection-molding machines. The flow properties of the HSF foaming material have been adjusted in such a manner that these machines are able to process it without any modification. The most significant attribute of HSF foams is heat stability. The heat stability has been quantified as a % of shrinkage of a foam specimen after a 24 hr. treatment at 105 Celsius (221 F). The shrinkage of HSF foams typically is 4% - highly competitive with industry standards.

During fiscal year 2003, TVI continued to work closely with three customers developing all types of compounding methodology for each customer's proprietary component formulations; providing compounding services for Shaw Industries' formulation for an industrial pipe wrap and coating, compounding services for MLPC International's formulation for various proprietary rubber curing compounds were provided and additionally, Fin Project's proprietary formulation for the footwear industry.

Because TVI retains these and other large multinational firms as current clients, with their large demand for the Company's material, TVI plans on steadily increasing supply of the Company's products to them as capacity allows, thereby increasing revenues and profits. The reputations of these clients provide valuable references for obtaining new customers as well.

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### Pricing

The pricing structure of existing competitors has been evaluated and the products and compounding services are priced at the median. Since our products do not form a major part in the pricing of the finished goods, therefore performance and product support will contribute most in the buying decision. TVI has more to offer



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customers with respect to product performance and the technical support staff that can assist customers applications.

### Warranties & Service Contracts

Products are supplied with a certificate of analysis confirming that it meets the required specifications, which is one mandatory requirement of ISO 9000 companies. No warranties are attached since TVI cannot monitor the processing conditions of use. There are no service contracts necessary, however, the Company's technical staff will assist customers if requested to do so.

### Marketing

The market in which Technical Ventures operates has had increased demand for products that meet certain requirements whether by companies or government legislation. These demands are met with TVI's products and services, and has entered into a unique market niche that allows specialization in the production of the products to meet clients needs and provide the technical support that may be needed. Working closely with its client base in order to maintain good customer relations and help fully satisfy their needs, and is set apart from the others in the industry due to the technical support staff and direct distribution of the products. The area of applications for the new HSF[Heat Stable Foam] compounds is unlimited, but first of all has to be recommended for industrial applications where heat stability is important, such as the furniture and automotive industries. To comply with specific requirements, besides a standard, colored form it can be made light-UV stabilized, flame retarded, and/or resistant to chemicals and microorganisms.

### Market Niche

TVI has positioned itself to pursue niche markets where the following standards are essential:

1. The ability to achieve superior dispersion of powders into the resins.
2. Use of air-cooled heads for moisture sensitive materials.
3. Use of nitrogen blankets for cooling in high humidity .
4. Fast turn around of small orders.
5. Equipment designed for ease of cleaning with minimum downtime and wastage.

In this market there are three distinct advantages: equipment, personnel, and size. The equipment was selected to achieve good dispersion in the proprietary polymer and composite technology. Company personnel, consulting scientists and chemists enable it to work closely and cooperatively with customers to meet their specific needs. The Company's size allows it to direct immediate attention to existing and potential customers in a cost-effective and timely manner.

#### Market Research

Market research has been concentrated on the endothermic foaming agents business and it was established that this represented the fastest growing segment of the market. Further marketing research pertaining to customer needs and competition is discussed later in this section.

The results of our pre-marketing survey established that the market was not well served. This information was obtained by test marketing reports and meetings with potential customers. This has convinced TVI that their timing in this market is opportune.

Research was also conducted on product performance with specific attention pertaining to competition, our products out perform the competitors in most aspects. These factors give TVI the ability to leap the barriers to entry and penetrate this market. TVI's customer base will grow with direct proportion to the rate can grow to suit the needs of those customers.

#### Market Growth

Market review indicates that growth in plastic consumption is solid over the five years researched. The market size data shows the diversity of the market potential as well as the size of the opportunity.

#### Competition

Many competitive products have been evaluated in our laboratory and in the field by potential customers, and TVI's performance surpassed the competition's. TVI's products will have the competitive edge of performance and price, with special attention being paid to our technical support program, which builds brand loyalty amongst customers.

The research and development effort has been geared toward a superior product at a competitive price. The Company's own manufacturing controls the processing cost. Therefore, as the business becomes further developed, lower overheads and less costly distribution channels are anticipated for TVI. Furthermore, during test marketing it was found that the large competitors were relying on distributors and agents that had limited technical experience in plastics. Once again, TVI will have the advantage over the competitors building long-term relationships and customers directly.

#### Competitive Advantages

Corporations such as Exxon, DuPont, Union Carbide, Raychem and Megalon represent the most widely recognized competition with our polymer technology; all are substantially larger in terms of financial, marketing and research and development resources. Dow Chemical purchased some of TVI's technology in 1998. Lucent

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Technologies assigned the product the highest quality rating, after subjecting the product to a five year rating program. The application of the polymer technology in wallboard is still the only plastic in its field to pass certain fire codes for high rise buildings. Additionally, in other applications where the product is being tested, customers observed that TVI's polymer technology out performs the competition.

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In regard of composite technology; TVI has been able to achieve the highest filler levels to obtain maximum specific gravity and has no competition. There is patent protection through a licensing agreement with Dupont Canada, as it pertains to fishing sinkers and lures. The Company's composite for bushings for copiers and fax machines provides the scenario that is extremely difficult if not impossible to reverse engineer. However, as the product becomes more technical compounders such as L&P and others exist and continue to develop, as does the company.

Compounding, Specialty (Contract); in this market there are three distinct advantages, equipment, personnel and size. The equipment was selected to affect good dispersion in the proprietary polymer technology and composite technology. Company personnel and associations with consulting scientists and chemist enables it to work closely and cooperatively with customers to meet their needs. The Company's size allows it to direct immediate attention to existing and potential customers in a cost effective and timely manner.

Efforts are directed to "niche" markets where the following criterion is essential: fast turn around of small orders, equipment designed for ease of cleaning at minimum downtime and wastage, air cooled die heads for moisture sensitive materials, excellent dispersion of powders into the resins and nitrogen blankets for cooling in high humidity.

### Backlog Information:

At June 30, 2003 the backlog of orders totaled \$66,955 US.

### Item 2. Properties

TVI currently leases 17,300 square feet of office and production facilities at 3411 McNicoll Avenue, Scarborough, Ontario. With a total monthly base rent of \$10,621(Canadian) through March 31, 2004 and \$10,981(Canadian) through March 31,

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2005. The base rents are exclusive of real estate tax escalation's. The current two year lease expires on March 31, 2005.

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### Item 3. Legal Proceedings

A legal action was commenced against the Corporation, its subsidiary, Mortile Industries Ltd., their President, Frank Mortimer and the Dow Chemical Company, on June 4, 1999 in the Ontario Superior Court of Justice (Commercial List); by a former customer, Endex Polymer Additives Inc., Endex Polymer Additives Inc. (USA), Endex International Limited and G. Mooney And Associates. The Dow Chemical Company is defending separately.

The claims allege breach of secrecy agreements, fiduciary duty and misuse of Endex confidential information. The Plaintiffs are seeking CND \$10 Million compensatory damages, further punitive damages of CND \$1 Million and interlocutory and permanent injunctions.

Based on prior written legal opinions from its patent attorneys that the allegations are without merit, the Corporation retained a law firm specializing in Intellectual Property Law and is vigorously defending the action.

After submission of the Defendants' evidence, the Plaintiffs abandoned their claim for an interim injunction. The Defendants have moved for an expeditious trial. The Court has ordered the parties to combine the examinations for injunction proceedings with those for the preparation for trial.

On September 16-17, 1999, at the hearing of the interlocutory injunction motion, the parties agreed, on consent, to adjourn the motion until trial. The parties agreed to expedite the matter to trial with an original target date of about December 1999.

At June 30, 2003 no further direction had been received by the company's counsel as to when the matter might proceed to trial nor had any direction been received at the time of filing this report.

Additionally, on October 10, 2001 Hudson Consulting Group ("Hudson") commenced an action in the Third Judicial District Court of Salt Lake County, State of Utah against the Company and obtained a default judgment for payments allegedly due Hudson pursuant to a consulting agreement between Hudson and the Company. After the court vacated the default judgment by order dated October 23, 2002, the Company answered the complaint and asserted a counterclaim against Hudson for fraudulently inducing the Company to enter into the consulting agreement. In October 2003, following discovery, the action was dismissed with prejudice and with each party bearing its own costs.

### Item 4. Submission of Matters to a Vote of Security Holders

None

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PART II

Item 5. Market for Registrant's Common Equity and Related Stockholders Matters

Market Information:

The Company's common stock has been publicly traded since March 21, 1986 on the over-the-counter market. The following table sets forth the quarterly high and low bid quotations as reported by the OTC Bulletin Board, Historical Data Service:

Quarter	Low	High
June 2001	\$0.400	\$0.075
Sept. 2001	0.300	0.070
Dec. 2001	0.020	0.032
Mar. 2002	0.021	0.400
June 2002	\$0.100	\$0.490
Sept. 2002	0.080	0.190
Dec. 2002	0.050	0.150
Mar. 2003	0.090	0.235
June 2003	\$0.070	\$0.150

These prices do not reflect retail markup, mark down or commissions and may not represent actual transactions.

Holders:

As of June 30, 2003, there were approximately 2,400 shareholders of record.

Dividends:

To date no dividends have been paid to shareholders. The Board of Directors will consider the payment of dividends when it deems it appropriate to do so, taking into account current and potential Federal and State regulatory restrictions, the

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Company's income and financial condition, economic conditions and other factors. However, no assurance can be given that dividends will ever be paid to shareholders.

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The company has 50,000,000 common shares authorized. At June 30, 2003, 41,236,106 were issued and outstanding. During fiscal 2003, a total of 6,640,000 shares were issued.

Additionally, 1,600,000 stock are reserved for unexercised options. Including an option to purchase 1,500,000 stock at a strike price of \$0.20 per unit or \$300,000 which expires at December 31, 2003.

In December of 2002 an S8 Registration was completed and filed, registering four million shares pursuant to The 2002 Benefit Plan. At June 30, 2003, 3,190,400 stock have been issued pursuant to the Plan; 809,600 stock remain unissued and are reserved as part thereof.

Included in the amount of stock issued pursuant to the plan, 1,150,000 shares were optioned and acquired by directors of the company. [See Part III, Item 11] and 900,000 were optioned and acquired by employees of Mortile Industries Ltd., the wholly owned subsidiary of the company. The option strike price being \$0.05 per unit. Also included in the amount issued pursuant to the plan, are 1,140,400 stock issued to bona fide consultants of the corporation for services performed and expensed. The aggregate value of stock issued to consultants was \$109,400 or an average price per share of \$0.096.

### Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Liquidity and Capital Resources

During the year ended June 30, 2003, an operating loss of (\$445,546) was funded primarily by equity and subscribed capital, by a Canadian Tax Refund, accounts receivable and an increase in payables. However, continued operating losses and monthly debt service requirements hinders the ability to meet monthly cash flow requirements.

In fiscal 2003, subscribed capital of \$150,000 at June 30, 2002, was received; \$320,000 investment capital was secured through the issue of 3,250,000 common stock. Additionally, \$109,040 in operating expenses were paid by the issue of 1,140,000 common stock and \$117,500 in debt reduction was achieved by the issue of 2,250,000 common stock.

Tax refunds of \$13,869 CD were received during the current

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fiscal year. The Canadian Federal tax department has changed the tax status of the company, which in turn negates the ability to receive cash refunds on research and development expenses, therefore these Canadian federal refunds will not be available for fiscal 2003. However, determination of the tax status may be reassessed at any time and subsequently reversed, however there can be no assurance of this happening.

During fiscal 2003 fixed assets were acquired for cash outlay of \$158,059. Two of the units were necessary for the on going development and improvement of new and existing products. A third unit will serve as back up for the existing compound mixing unit, additionally, this unit could serve to double the compound mixing capacity, if required to do so. Further acquisition of significant property and equipment purchases and/or expansion of facilities will only be considered if demand for

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Company products warrant such expansion and the financing of such expansion would not adversely effect the Company's financial condition.

A long term debt financing arrangement is in arrears, as such this debt continues to be reflected as current liability on the June 30, 2003 balance sheet. The FBX Holdings debt amounts to \$202,056 CD, including both principal and accrued interest. The Debtor clearly understands the cash position and as such has verbally agreed to a moratorium on principal repayments until financial conditions exist allowing a payment [s] or, alternatively, suggest an acceptable method [s] of settlement.

GOING CONCERN (Note 1), Significant operating losses have been sustained since its inception and there is substantial doubt as to the ability to continue as a going concern. Continued existence is dependent upon the ability to generate sufficient cash flow to meet obligations on a timely basis. It is not expected that cash flows from operations in the immediate future will be sufficient to meet requirements and additional financing is required.

We see apathy and reluctance to change as slowing our penetration of the market at the rate we would like to achieve our growth potential. We have three major technologies based on our compounding knowledge and skills each of these products has many different applications in the market place. We do not rely on a single application to obtain sufficient market share to provide profits and cash surpluses to pay down debt.

Our biggest risk therefore lies in our ability to be confident that our financial house is in order and that we do not have to direct large amounts of executive time to constantly search for financing to grow the business. We are fully aware of the cost

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of lost opportunities when we constantly cut back on the R&D pre-production advancement due to lack of capital.

It is essential that the company raises the financing to sustain marketing and manufacture of of it's developed technologies and therefore TVI will continue to explore all opportunities in respect of financial requirements. Additionally, if it is deemed to be in the best interest of its stockholders and serious consideration will be given to raising additional funds through private or public equity issuance's in the future.

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### Results of Operations - Comparison of Fiscal 2003 To Fiscal 2002:

For the fiscal year ending June 30, 2003, TVI incurred an operating loss of (\$602,022) on net sales of \$850,235, before other income. Net sales revenues decreased 26.5 % over fiscal 2002. The majority of the decrease taking place in contract / specialty compounding work. Comparatively, fiscal 2002 incurred an operating loss of (\$216,491) on net sales of \$1,145,087.

During fiscal 2003, the company's largest compounding customer suffered reduced sales due to economic conditions which resulted in a decline of 43% in sales revenues from this customer to the company. Additionally, in late fiscal 2002, another major compounding customer moved their compounding requirements to their own facility off shore, this customer had represented 17% of all revenues in fiscal 2002 and the company was unable to replace this compounding work during the fiscal year. However, these decreases were partially offset by an increase of 25 % in sales revenues from proprietary products.

On reflecting other income, the operating loss is \$(592,913) in fiscal 2003. Comparatively in fiscal 2002, after reflecting other income, the operating loss became income of \$139,095.

Gross margins of \$5,248 in fiscal 2003, as a percentage of net sales, decreased to 1 % from 24 % for the year ended June 30, 2002. Decreased sales and maintaining the highly experienced work force, installation and set up of acquired equipment and upgrading and maintenance of existing equipment resulted in the extreme decline in margins.

Administrative expense increased 29 % during fiscal 2003, when compared to those for the corresponding twelve month period of the previous year as legal expense occurred relative to a claim by a former financial consulting firm, additionally there has been accrual for potential vacation pay expense.



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Financial and Interest Expense decreased 25 % in fiscal 2003 when compared to those for the corresponding period of the previous year. The decrease being attributable to the previous settlement of long term debt, eliminating significant interest expense related to the debt.

R&D Expenses increased 70 % as resources were diverted from manufacturing and sales to develop new and also to refine existing Company proprietary products and services.

Selling expenses decreased by 6 % in fiscal 2003 over comparative fiscal 2002; as selling expenses were reduced and resources diverted to product development.

A contingent expense of \$39,660 was recognized in fiscal 2003. Technical Consulting expenses related to the Endex legal action were received and paid through the issue of stock. Additionally a loan of \$50,000 CA on a possible acquisition by the company's subsidiary Mortile Industries was recognized as a non-refundable deposit and expensed.

Growth is anticipated to take place in all areas of the Company's expertise and technology. However, there can be no assurance in this regard.

The sales launch of the new product for the rubber and plastic industry commenced in early June of 1998 and response to the product exceeded all expectations. This product provides not only significant cost reductions by reducing the amount of plastic consumed but also provided many other advantages to the Industry. The market is not only significant in terms of potential revenues and profits in North America but will open many export potentials in Europe. Although there has been widely accepted response to the product, actual sales had been nominal, however a substantial increase occurred in these revenues during fiscal 2003.

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The company has also been involved over the last two years in a Research & Development program involving foamed polyethylene's at densities between 1.5 lb. and 6 lb. per cubic foot. Although this technology has been used in the manufacturing of "Buns" for some time the objectives were to eliminate at least four [4] manufacturing steps and produce a finished part in a one step manufacturing process.

The foaming products are for the plastics and rubber industry, and are a processing aid, providing significant cost reductions by reducing the amount of plastic consumed, but also provides many other advantages to the industry, such as improved surface finishes, physical properties and sink mark elimination, lower part weight and shorter cycle times. Morfoam is a concentrate encapsulated in an olefin binder, presented in pellet form to be easily blended or metered into the users formulations. The product improves cell structure and reduces voids when nitrogen

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is used as the primary foaming agent. During fiscal 2002 the company finished developing it's HSF type foaming compound. HSF is a cross-linkable - expandable plastic compound made for direct injection processes. During a 'direct inject' process, a granular, expandable compound is being transformed with a specialized injection molding machine into a finished foamed part, which combines several features, such as fine and closed cell structure, soft skin, profiled and color surface, flexibility, buoyancy and light weight. HSF is based on ethylene and propylene (co)polymers blends which can be processed into a finished foamed part with commercially available injection-molding machines. The flow properties of the HSF foaming material have been adjusted in such a manner that these machines are able to process it without any modification. The most significant attribute of HSF foams is heat stability. The heat stability has been quantified as a % of shrinkage of a foam specimen after a 24 hour treatment at 105 Celsius (221 F). The shrinkage of HSF foams typically is 4% - highly competitive with industry standards. Additionally, efforts in HSF foam products are advancing and there appears to be imminent potential for use in three major markets, automotive, services and toys.

As an example, subsidiary Mortile has manufactured prototype disks ("Frisbees") and submitted them for response from dog food suppliers and pet toy distributors with very positive results. First orders could be in distribution within 2 weeks of a production mold being made and put in place.

### Lightweight Foams

Mortile has undertaken to develop and modify foam materials to enable a manufacturer of helmet liners for the football, hockey and other sports line industries. Development of modified formulations is well underway and it is believed that the manufacturer should have a suitable product within 3 months. The currently used product is failing with enormous consequences and the whole test protocol has been opened up for review. It is believed that the trade off between resilience and cushioning requirements in this application will spin-off into orthotics where similar criterion applies.

A distributor has agreed to solicit opportunities for strategic alliances and joint venture in the USA and Canada. This company has the rights on a non-exclusive basis to distribute the various compounds made by Mortile Industries. They are the largest distributor of lightweight foam in bun stock to the fabricators and jobbers and are very qualified to take on Mortile's product.

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They introduced the manufacturer of the helmet to subsidiary Mortile and have a number of other applications available ranging from life vests to bicycle seats and handle bars.

An existing customer now purchases 6 different formulations made by subsidiary Mortile for manufacturing into finished parts for their customers. They have recently installed their third direct-inject unit and have now invested nearly \$2 million to

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enter this new market place. They have strong market representation in automotive requirements and will cover the Mortile opportunity in this area. Once full production on existing in-house machinery is reached, this account could be worth over \$3 million (US).

### Endothermic Foaming Agents

A European distributor has spent 8 months preparing and planning the launch of the product. The highlights from the latest advices are as follows:

An established distribution network in over 20 European countries with 772 representatives. They estimate the total market to be about \$45 to 50 million (US) per annum.

Mortile's Manager Of Technical Services presented a technical paper and conducted a training seminar on Mortile's product at a global sales force meeting in Amsterdam on the 15th & 16th of September 2003.

The distributor advises that their first order is expected to be placed in October, however there can be no assurance of this, and further

That sales of \$1,313,000 US in the first year are possible with a 3 year potential of \$6,868,000. However there can be no assurance of this.

### MorMetal

Is a metal fill plastic material containing either stainless steel or iron powder to provide the desired properties. One compound with copper powder as the filler has now been in use at Xerox, in copiers and fax machines, for 10 years. Additionally, Mortile believes that a substantial contract, in an another appplication, could be signed in the very near future. This contract could be worth \$4-6 million in sales a year rising to \$8 million per annum within 3 years.

Another opportunity using metal fill is with a cosmetic manufacturer who have recently come back to ask for information on the MorMetal. Their problem was solved 5 years ago by subsidiary Mortile Industries but never progressed due to reluctance for change. The MorMetal plastic is filled with metal powder which increase the weight of units by 300%. Thereby enabling the customer to complete with the Asian and European suppliers by providing a superior product.

The metal fill technology has been established and proven many times over the years. The metal fill is available in many formulations each serving specific applications.

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### Development Stage Opportunities

#### Orthotics

The Company sees a golden opportunity to enter the orthotics market with its products which are superior to those in use. The environmental friendliness of Mortile's products make them a natural "shoe-in" to this rapidly expanding market opportunity.

This is a very large market opportunity and due to the aging population growing at a very rapid pace the benefit packages of government and corporations cannot sustain the access to ever increasing prices now in the \$400 - \$600 range. People without insurance coverage are being left out and have to down scale to the cheaper products.

Mortile believes that it could produce a middle range product which would, due to price and performance, capture a large piece of the market by creating an affordable non-custom made product which would be suitable to a great deal of people.

The Mortile development team is headed by Dr. David Venturi, MD, MA.Sc, B.Sc. Dr. Venturi, a practicing physician, is very familiar with the orthotic requirement of the marketplace and will explain the Mortile product to insurance companies providing medical coverage in this area outlining the benefits and cost savings of the Mortile product.

Sergeant Corporation has 30 years of representing suppliers of materials in this market, and is versed in the market. Sergeant Corporation has been representing suppliers to the orthotic industries as well as manufacturers of shoes, skates and boots. Regrettably the manufacturing moved offshore but the insert market has very large potential.

#### Fishing Lures & Bobbers

The current market is being supplied with balsa wood products which are expensive and require many steps in manufacture. Mortile's foam can be formulated to match the properties of balsa wood are cheaper to manufacture and need not to be painted or vinyl dipped. The market opportunity and market potential is under assessment. Fishing lures and bobbers plus other like accessories is a billion dollar end use market. Therefore this represents a very large potential for the use of Mortile proprietary technology, formulations are in-house to match the balsa wood now being used and once the marketing strategy is in place prototypes will be made and a distribution channel will be evaluated.

A marketing survey of sales revenues for finished product in that industry has been completed and it is estimated to be in excess of \$1.5 billion + annually. There have been no major developments in this market for over 20 years and it's time for a shake up with new technology.

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### THE MARKET

The Company, with its lightweight foams, metal technology and endothermic foaming agents, presents a very exciting and diverse opportunities. As a supplier of compounded resin, licensing agreements, joint ventures, technology transfers and in-house manufacturing without digressing from its mission to develop, sell and manufacture it's proprietary products at a price which rewards the shareholders and management and who believed in the philosophy that environmentally conscience companies and products will displace the old, worn out technology accepted as the norm years ago.

Daily you read in newspapers, trade journals, law reports and listen to new broadcasts about law suits and class action litigation against dispensers of environmentally unfriendly, toxic, obsolete technology polluting the planet.

### COMPETITION

Endothermic Foaming Agents - In the USA there are 10-14 endothermic suppliers at any one time. Some drop out and new ones enter into the market. Mortile has a superior product due to certain proprietary techniques and are very competitive. The main competition comes from Clariant who sell color concentrates and can offer a package, which gives them the edge. They are a large company and offer extended credit which Mortile will not entertain.

From the correspondence received from Europe it is obvious that Boehringer Ingelheim is the main competition having grown from 3000 to 6000 tonnes very rapidly. They are heavy in pharmaceuticals and will probably look for more margin than Clariant. At this stage we do not know the European market but our distributors do and they remain very optimistic.

Lightweight Foams - In the commodity shoe sole product there is competition but in the high temperature product indirect inject, we know that we have no competition. Direct inject machines can not mold any resins other than EVA this gives Mortile an enormous market edge with a long R&D curve before competition is our concern.

Mortile has enormous technology advances over the potential competitor even if they attempt to speed their way into a fast-track approach since there are no merger or acquisition opportunities available.

With R&D on it's current technologies complete it is now essential that raising financing to sustain marketing and manufacture of its products.

TVI therefore, enters its next fiscal year [2004] with confidence that financing can be achieved, that the technological advantage obtained over the past years will enable it to obtain a significant market share for its products; at satisfactory selling prices. Enabling growth and the ability to meet the anticipated demand for its products, although there can be no assurance of this.

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Forward Looking Statements:

This Form 10-KSB contains forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The Company's actual results could differ materially from those set forth in the forward looking statements.

Item 7. Financial Statements and Supplementary Data

Due to cash flow circumstances the company has been unable to initiate annual audit procedures and preparation of audited financial statements. However, this matter will be resolved shortly and upon completion of the audit and resultant audited financial statements an amended Annual 10 KSB Report will be filed incorporating the audited financial statements.

For the purposes of this filing an unaudited balance sheet and statement of operations is included for the readers information. Comparative values stated are audited amounts as were presented in the company's annual report 10 KSB of June 30, 2002.

Item 8. Changes in and Disagreements on Accounting and Financial Disclosures

None, at the date of this report.

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## -PART III-

### Item 9. Directors and Executive Officers of the Registrant

The directors and officers at June 30, 2003 are as follows:

Name	Age	Position with Company
Frank Mortimer	64	Director, President
Bryan Carter	82	Director, Vice President
Larry Leverton	64	Director, Secretary Treasurer

Frank Mortimer has been President and a Director of since April 1986. He is also President of Fam Tile Restoration Services Ltd. ("FAM"), a company specializing in the restoration of acoustical ceilings. Fam is a wholly owned subsidiary of. From 1967 to 1982 Mr. Mortimer managed several export companies in South Africa. Mr. Mortimer is an associate member of the Institute of Materials Handling (London UK).

Bryan Carter has been a director of since April 1986. In 1982 he formed Bryan Carter and Associates, a firm which offers international consulting and marketing services to the plastics industry and small business. From 1954 to 1962 he was in charge of the North American base of Rosedale Assoc. Manufacturers of London (UK.) in Toronto, Canada. From 1962 to 1982 he was President and part owner of Rosedale Plastics, a rotational moulding company. Mr. Carter has extensive international business experience including work in Lebanon, Haiti and Australia, on behalf of various organizations. Mr. Carter pioneered the rotational moulding industry in North America and in 1982 served as the International President of Rotational Moulders.

Larry Leverton has been Secretary and Treasurer of since April 1986. Since 1983 he has been president of L.R. Leverton Enterprises' Inc., a transportation consulting firm. In 1982 he was vice-president of Newman Harbour Terminals and Transportation.

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## Item 10 Executive Compensation

Frank Mortimer, the Company's Principal Executive Officer, received salary of \$73,572, \$70,125, \$59,247 for the years ended June 30, 2003, 2002 and 2001, respectively. These amounts constituted Mr. Mortimer's sole compensations from. Amounts presented are expressed in US dollars and have been converted from Canadian dollars using the average exchange rate for the periods presented. No executive officer of received a total salary and bonus in excess of \$100,000 during any of the three year periods ended June 30, 2003.

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## Item 11 Security Ownership of Certain Beneficial Owners and Management

The following table indicates the name of each person who is known by to be a beneficial owner of more than five-percent of its common stock as of June 30, 2003, the ownership of those persons on such date, and the stock ownership of all officers and directors as a group. The address of all persons listed is in care of Technical Ventures Inc. .

### Number of Shares

Name of Beneficial Owner	Beneficially Owned (1)	Percent of Common Stock
Frank Mortimer	1,918,753 (2)	4.65 %
Larry Leverton	941,448 (3)	2.3 %
Bryan Carter	415,000 (4)	1 %
G. Howland	2,830,000	6.9 %
All Officers & Directors As A Group	3,275,201 (5)	7.9 %

(1) Unless otherwise indicated, each such beneficial owner holds the sole voting power and investment power over the shares beneficially owned.

(2) Includes 234,020 shares owned by Mr. Mortimers wife, Anne Mortimer

(3) Includes 591,448 shares owned by L.R. Leverton Entprs.' Inc., a corporation owned and controlled by Larry Leverton, Secretary, Treasurer and Director of the Registrant.



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- (4) Includes 115,000 shares owned by Mr. Carter's wife, Marlene Dobson.
- (5) Excludes the effects on total outstanding shares which would result from exercise of stock purchase options and conversion of debt.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the executive officers and directors of and persons who own more than ten percent of the Company's Common Stock, to file reports of ownership and changes in ownership with the Securities and Exchange Commission. Such executive officers, directors and greater than ten-percent stockholders are required by SEC regulations to furnish the company with copies of all Section 16(a) filings.

Based solely on review of the copies of such forms furnished and other information which has been made available, management believes that during the year ended June 30, 2003, all Section 16(a) filing requirements applicable to the executive officers and directors and greater than ten-percent beneficial owners were complied with.

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### Item 12. Certain Relationships and Related Transactions

None

### Item 13. Exhibits, Financial Statements, and Reports on Form 8-K

#### (A) (1) Financial Information:

Due to cash flow circumstances, the company has not been able to initiate annual audit procedures and preparation of audited financial statements. However, it is anticipated that this matter will be resolved shortly and upon completion of the audit and audited financial statements an amended Annual 10 KSB Report will be filed. For the purposes of this filing an unaudited balance sheet and statement of operations is included for reference.

See index to unaudited financial information on Page F-1

#### (3) Exhibits:

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(a) Exhibit 21 Subsidiaries of the Registrant are as follows:

Mortile Industries Ltd., a Canadian Private Corporation and wholly-owned subsidiary of the Registrant

Fam Tile Restoration Services Ltd., a Canadian Private Corporation and wholly-owned subsidiary of Mortile Industries Ltd.

MPI Perlite Ltd., a Canadian Private Corporation and wholly-owned subsidiary of Mortile Industries Ltd.

(B) Item -5- Reports on Form 8K

None

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### Item 14. Principal Accountant Fees and Services

#### (1) Audit Fees

For fiscal year 2001, fees billed by principal accountant, \$30,388CA in aggregate;

For fiscal year 2002, fees billed by principal accountant, \$26,616CA in aggregate.

#### (2) Audit Related Fees

None

#### (3) Tax Fees

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None

(4) All Other Fees

None

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TECHNICAL VENTURES INC.

Dated: October 13, 2003

By: /s/ Frank Mortimer  
Frank Mortimer, President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

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Dated: October 13,2003

By: /S/Frank Mortimer  
Frank Mortimer, President,  
Principal Executive Officer and  
Director

Dated: October 13,2003

By: /S/Bryan Carter  
Bryan Carter, Vice President  
Director

Dated: October 13,2003

By: /S/Larry Leverton  
Larry Leverton, Secretary  
Treasurer and Principal  
Accounting Officer and Director

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CERTIFICATIONS

I Frank Mortimer, certify that:

1. I have reviewed this annual report on Form 10 KSB of Technical Ventures Inc. .
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented

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in this annual report.

October 13, 2003

By: /S/Frank Mortimer  
Frank Mortimer, President  
& Principal Executive Officer

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### CERTIFICATIONS

I Larry Leverton, certify that:

1. I have reviewed this annual report on Form 10 KSB of Technical Ventures Inc. .
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

October 13, 2003

By: /S/Larry Leverton  
Larry Leverton, Secretary  
Treasurer and Principal  
Accounting Officer and Director

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TECHNICAL VENTURES INC.

CONSOLIDATED BALANCE SHEET & STATEMENT OF EARNINGS

AS OF JUNE 30, 2003[UNAUDITED] AND 2002[AUDITED]

TECHNICAL VENTURES INC.

CONSOLIDATED BALANCE SHEET & STATEMENT OF EARNINGS

AS OF JUNE 30, 2003[UNAUDITED] AND 2002[Audited]

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TECHNICAL VENTURES INC.  
Consolidated Balance Sheets  
As of June 30  
(Amounts expressed in U.S. Dollars)

	2003 [UNAUDITED] \$	2002 [AUDITED] \$
ASSETS		
CURRENT ASSETS		
Cash	23,417	32,663
Accounts receivable	110,761	140,195
Inventory	67,010	69,377
	201,188	242,235
DEPOSITS	15,421	49,528
PROPERTY AND EQUIPMENT	313,169	93,058
	529,778	384,821



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TECHNICAL VENTURES INC.  
Consolidated Balance Sheets  
As of June 30  
(Amounts expressed in U.S. Dollars)

	2003 [UNAUDITED] \$	2002 [AUDITED] \$
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses (note 6, 2002)	681,186	531,252
Current portion of notes payable (note 7, 2002)	90,000	82,357
Capital lease obligations (note 8, 2002)	83,904	74,474
Loans from private lenders (note 9, 2002)	67,211	66,878
Current portion of loans from stockholders, unsecured, interest free (note 10, 2002)	149,374	263,210
	1,071,675	1,018,171
LONG-TERM DEBT, net of current portion		
Convertible debentures (note 13 (g), 2002)	41,969	-
Notes payable (note 2, 2002)	-	78,360
Loans from stockholders (note 10, 2002)	191,124	115,980
Other (note 11, 2002)	29,259	25,823

220,163

STOCKHOLDERS' DEFICIENCY		
CAPITAL STOCK (note 13, 2002)	412,361	345,957
ADDITIONAL PAID IN CAPITAL (note 13, 2002)	6,504,456	5,874,321
ACCUMULATED OTHER COMPREHENSIVE INCOME (note 14, 2002)	289,767	344,128
DEFICIT	(8,010,833)	(7,417,919)
	(804,249)	(853,513)
	529,778	384,821

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TECHNICAL VENTURES INC.  
Proforma Unaudited  
Consolidated Statements of Earnings  
For the years ended June 30  
(Amounts expressed in U.S. Dollars)

	UNAUDITED 2003 \$	AUDITED 2002 \$	AUDITED 2001 \$
NET SALES	850,235	1,145,086	1,281,848
COST OF SALES	844,986	865,105	1,029,605
GROSS MARGIN	5,249	279,981	252,243
EXPENSES			
Administration	257,830	199,500	245,492
Interest and other	90,440	120,206	180,630
Research and development	119,143	69,894	57,961
Selling	100,197	106,812	139,975
Contingent related legal expenses	39,660	-	742
	607,270	496,412	624,800
LOSS FROM OPERATIONS	(602,022)	(216,431)	(372,557)
Recovery of contingent expenses	-	10,372	-
LOSS BEFORE INCOME TAX RECOVERY	(602,022)	(206,059)	(372,557)
Income tax recovery	9,109	157,330	44,861
LOSS BEFORE EXTRAORDINARY ITEM	(592,913)	(48,729)	(327,696)
Gain from extinguishment of debt, loss applicable income taxes of \$135,000 (note 7(i),2002)	-	187,824	-
NET EARNINGS (LOSS)	(592,913)	139,095	(327,696)
BASIC LOSS BEFORE EXTRAORDINARY			

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ITEM PER COMMON SHARE	(0.02)	0.00	(0.01)
BASIC EARNINGS (LOSS) PER COMMON SHARE	(0.02)	0.00	(0.01)
FULLY DILUTED EARNINGS (LOSS) PER COMMON SHARE	(0.02)	0.00	(0.01)

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