

PARTNERS IN THE HORN OF AFRICA

FINANCIAL STATEMENTS

December 31, 2003

MURRAY ROSSWORN INC.
Chartered Accountants

PARTNERS IN THE HORN OF AFRICA

December 31, 2003

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AUDITORS' REPORT

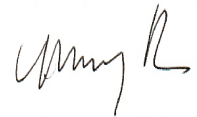
To the Directors of:
Partners in the Horn of Africa

We have audited the balance sheet of Partners in the Horn of Africa as at December 31, 2003 and the statements of income, net assets and changes in financial position for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

January 22, 2004


Inc.

Chartered Accountants

PARTNERS IN THE HORN OF AFRICA

(Incorporated under the laws of Canada)

Balance Sheet

As at December 31, 2003

	2003	2002
Assets		
Current		
Cash	\$ 47,750	\$ 11,525
Marketable securities	10,254	
	58,004	\$ 11,525
Liabilities		
Net assets		
Surplus revenue over expenditures	58,004	\$ 11,525
	\$ 58,004	\$ 11,525

Approved by the Directors:

Director

Director

PARTNERS IN THE HORN OF AFRICA

Statement of Net Assets

For the year ended December 31, 2003 with comparatives to the ten months ended December 31, 2002

	2003	2002
Net assets beginning of year	\$ 11,525	\$
Excess of revenue over expenditures	46,479	11,525
Net assets end of year	\$ 58,004	\$ 11,525

PARTNERS IN THE HORN OF AFRICA

Statement of Income

For the year ended December 31, 2003 with comparatives to the ten months ended December 31, 2002

	2003	2002
Donations received	\$ 103,162	\$ 21,452
Interest income	260	\$
	103,422	21,452
Expenses		
Donations to projects	56,943	9,927
Excess of revenue over expenditures	\$ 46,479	\$ 11,525

PARTNERS IN THE HORN OF AFRICA

Statement of Changes in Financial Position

For the year ended December 31, 2003 with comparatives to the ten months ended December 31, 2002

	2003	2002
Cash provided by (used for)		
Operations		
Net income for the year	\$ 46,479	\$ 11,525
Changes in non-cash working capital		
Marketable securities	(10,254)	
Increase in cash	36,225	11,525
Cash beginning of year	11,525	
Cash end of year	\$ 47,750	\$ 11,525

PARTNERS IN THE HORN OF AFRICA

Notes to Financial Statements

For the year ended December 31, 2003

The Association is a registered charity that solicits donations in Canada and applies them toward projects in Ethiopia.

1. Significant accounting policies

- a) Revenue recognition
Revenue is recorded on an accrual basis.
 - b) Investments
Investments in temporary marketable securities are carried at cost. Long term investments in related companies are accounted for by the equity method.
 - c) Contractual obligations and contingencies
The organization has entered into a number of partnerships with various organizations within Africa to do various projects. As of December 31, 2003 there were three unfinished projects. Upon completion of these contracts, the organization will pay 54,000 Bir, 40,678 Bir and \$10,000 respectively.
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