

**AMERICAN PACKAGING, INC.****STATEMENTS OF OPERATIONS****Years Ended December 31, 2002 and 2001**

	<b>2002</b>	2001
Net Sales	<u>\$ 13 497 543</u>	<u>\$ 13 027 014</u>
Cost of Sales:		
Inventory at beginning	501 311	541 881
Purchases and duty	10 575 430	9 737 737
Inventory at end	<u>(415 642)</u>	<u>(501 311)</u>
	<u>10 661 099</u>	<u>9 778 307</u>
<b>Gross profit on sales</b>	<b>2 836 444</b>	3 248 707
Expenses:		
Personnel	1 471 022	1 476 196
Selling	614 723	706 364
Administrative	<u>320 802</u>	<u>259 223</u>
	<u>2 406 547</u>	<u>2 441 783</u>
<b>Income from operations</b>	<b>429 897</b>	806 924
Other Income (Expenses)		
Officer retirement cost	-	(258 657)
Gain on sale of property	<u>-</u>	<u>537 272</u>
	<u>-</u>	<u>278 615</u>
<b>Income before income taxes</b>	<b>429 897</b>	1 085 539
Income Tax Expense	<u>172 299</u>	<u>246 332</u>
<b>Net income</b>	<u><u>\$ 257 598</u></u>	<u><u>\$ 560 592</u></u>

See notes to financial statements.