



## **Chartwell Technology Inc.**

Consolidated Interim Financial Statements  
For the three months and nine months ended July 31, 2002

# CHARTWELL TECHNOLOGY INC.

## Consolidated Balance Sheets

	July 31, 2002	October 31, 2001
	(unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 4,500,152	\$ 2,741,078
Short term investments	448,562	3,350,007
Accounts receivable	1,181,146	1,200,036
Prepaid expenses	77,316	79,867
	<u>6,207,176</u>	<u>7,370,988</u>
Available for sale long-term securities	42,882	42,882
Capital assets	283,996	303,392
Deferred software development costs	137,587	220,144
	<u>\$ 6,671,641</u>	<u>\$ 7,937,406</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 40,662	\$ 59,897
Current portion of obligations under capital lease	6,554	12,668
	<u>47,216</u>	<u>72,565</u>
Obligations under capital lease	10,809	13,446
Shareholders' equity:		
Share capital	14,632,223	14,511,135
Deficit	(8,018,607)	(6,659,740)
	<u>6,613,616</u>	<u>7,851,395</u>
	<u>\$ 6,671,641</u>	<u>\$ 7,937,406</u>

See accompanying notes to consolidated interim financial statements.

# CHARTWELL TECHNOLOGY INC.

## Consolidated Statements of Income (Loss) and Deficit

(unaudited)

	Three months ended July 31,		Nine months ended July 31,	
	2002	2001	2002	2001
<b>Revenue:</b>				
Software set-up fees	\$ 303,119	\$ 637,801	\$ 620,579	\$ 1,051,550
Software license fees	625,513	230,980	1,501,818	624,003
Interest and other	189,307	59,882	268,695	297,465
	<u>1,117,939</u>	<u>928,663</u>	<u>2,391,092</u>	<u>1,973,018</u>
<b>Expenses:</b>				
Software development and support	716,407	519,466	2,016,769	1,486,170
General and administrative	360,027	354,459	1,572,669	1,182,316
Depreciation and amortization	27,783	25,467	77,964	82,223
Amortization of deferred software development costs	27,519	27,519	82,557	82,557
	<u>1,131,736</u>	<u>926,911</u>	<u>3,749,959</u>	<u>2,833,266</u>
Net income (loss)	(13,797)	1,752	(1,358,867)	(860,248)
Deficit, beginning of period	(8,004,810)	(6,685,773)	(6,659,740)	(5,823,773)
Deficit, end of period	<u>\$ (8,018,607)</u>	<u>\$ (6,684,021)</u>	<u>\$ (8,018,607)</u>	<u>\$ (6,684,021)</u>
Net income (loss) per share:	\$ -	\$ -	\$ (0.09)	\$ (0.05)

See accompanying notes to consolidated interim financial statements.

# CHARTWELL TECHNOLOGY INC.

## Consolidated Statements of Cash Flows

(unaudited)

	Three months ended July 31,		Nine months ended July 31,	
	2002	2001	2002	2001
Cash provided by (used in):				
Operations:				
Net income (loss)	\$ (13,797)	\$ 1,752	\$ (1,358,867)	\$ (860,248)
Depreciation and amortization	27,783	25,467	77,964	82,223
Amortization of deferred software development costs	27,519	27,519	82,557	82,557
Deferred revenue	(102,377)	(234,870)	-	(268,874)
Change in non-cash working capital:				
Accounts receivable	350,010	(294,558)	18,890	(590,184)
Prepaid expenses	(5,797)	(15,234)	2,551	(9,681)
Accounts payable and accrued liabilities:	2,908	(70,479)	(19,235)	(754,679)
	347,121	(380,271)	2,206	(1,354,544)
	286,249	(560,403)	(1,196,140)	(2,318,886)
Financing:				
Issue of shares	-	20,000	121,088	92,500
Repayment of lease obligations	(2,633)	(3,762)	(8,751)	(11,287)
	(2,633)	16,238	112,337	81,213
Investments:				
Disposition of short term investments	2,825,975	-	2,901,445	-
Acquisition of capital assets	(12,163)	(6,834)	(58,568)	(56,877)
	2,813,812	(6,834)	2,842,877	(56,877)
Increase (decrease) in cash	3,097,428	(550,999)	1,759,074	(2,294,550)
Cash, beginning of period	1,402,724	7,049,923	2,741,078	8,793,474
Cash, end of period	\$ 4,500,152	\$ 6,498,924	\$ 4,500,152	\$ 6,498,924

See accompanying notes to consolidated interim financial statements.

# CHARTWELL TECHNOLOGY INC.

## Notes to Consolidated Interim Financial Statements

For the three months and nine months ended July 31, 2002  
(unaudited)

---

These consolidated interim financial statements of Chartwell Technology Inc. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies, except as otherwise disclosed, as were used for the consolidated financial statements for the year ended October 31, 2001. These consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended October 31, 2001.

**1. Share capital:**

As at July 31, 2002 and October 31, 2001 the Company had 15,817,701 and 15,628,501 common shares outstanding and 2,338,566 and 1,777,532 options to acquire common shares respectively.

**2. Segmented information:**

The Company has aggregated its Canadian and Belize operating segments into one reporting segment as management has determined that the nature of the operations in each segment meets the aggregation criteria specified by the CICA. The Company's software set-up and license fees are from domestic and foreign entities and originate from the following countries of operations:

2002	<u>Three months ended July 31</u>			<u>Nine months ended July 31</u>		
	Canada	Belize	Total	Canada	Belize	Total
Software set-up fees	\$ 47,529	\$ 255,590	\$ 303,119	\$ 47,529	\$ 573,050	\$ 620,579
Software license fees	\$ 60,420	\$ 565,093	\$ 625,513	\$ 179,873	\$ 1,321,945	\$ 1,501,818

  

2001	<u>Three months ended July 31</u>			<u>Nine months ended July 31</u>		
	Canada	Belize	Total	Canada	Belize	Total
Software set-up fees	\$ 75,322	\$ 562,479	\$ 637,801	\$ 182,120	\$ 869,430	\$ 1,051,550
Software license fees	\$ 15,300	\$ 215,680	\$ 230,980	\$ 15,300	\$ 608,703	\$ 624,003