

P.E. 12/31/01

Cover Sheet of Form 6-K



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Securities and Exchange Commission

Washington, D.C. 20549

Form 6-K

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of

The Securities Exchange Act of 1934



For the month of December, 2001

Imperial Ginseng Products Ltd.

Suite 1601 - 650 West Georgia St. Vancouver, British Columbia, V6B 4N7

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.]

Form 20-F

Form 40-F

PROCESSED

MAR 01 2002

THOMSON FINANCIAL

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.]

Yes

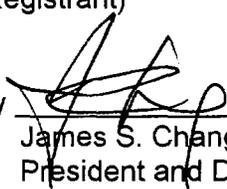
No

SIGNATURES

Pursuant to the requirements 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.

Imperial Ginseng Products Ltd.  
(Registrant)

Date February 4, 2002

By   
James S. Chang  
President and Director



Consolidated Financial Statements of

**IMPERIAL GINSENG PRODUCTS LTD.**

Six months ended December 31, 2001

(Unaudited - Prepared by Management)

# IMPERIAL GINSENG PRODUCTS LTD.

Consolidated Balance Sheet

(expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	December 31, 2001	June 30, 2001 (Audited)
<b>Assets</b>		
Current Assets:		
Cash	\$ 73,168	\$ 156,730
Accounts receivable	86,701	55,922
Inventory	3,391,340	528,969
Ginseng crop costs (schedule)	3,800,000	5,400,000
Prepaid expenses	11,401	95,225
	<b>7,362,610</b>	<b>6,236,846</b>
Ginseng crop costs (schedule)	6,399,831	6,721,780
Capital assets	2,733,358	3,079,744
Investment	395,000	395,000
	<b>\$ 16,890,799</b>	<b>\$ 16,433,370</b>

## Liabilities and Shareholders' Equity

Current Liabilities:		
Bank indebtedness	\$ 905,000	\$ -
Accounts payable and accrued liabilities	1,636,216	1,426,100
Current portion of obligations under capital leases	131,332	145,183
Current portion of long-term debt	1,258,274	1,294,798
	<b>3,930,822</b>	<b>2,866,081</b>
Royalty amount payable	62,820	71,820
Obligations under capital leases	522,669	562,138
Long-term debt	583,528	810,537
Shareholders' Equity:		
Share capital (note 3)	47,820,695	46,150,385
Conversion option	284,871	333,144
Deficit	(36,314,606)	(34,360,735)
	<b>11,790,960</b>	<b>12,122,794</b>
	<b>\$ 16,890,799</b>	<b>\$ 16,433,370</b>

On Behalf of the Board

"James Chang"  
James Chang, Director

"Hugh Cartwright"  
Hugh Cartwright, Director

**IMPERIAL GINSENG PRODUCTS LTD.**

Consolidated Statement of Loss  
(expressed in Canadian Dollars)  
(Unaudited - Prepared by Management)

	Three months ended December 31, 2001	Three months ended December 31, 2000	Six months ended December 31, 2001	Six months ended December 31, 2000
<b>Revenue:</b>				
Ginseng root	\$ 1,580,616	\$ 4,288,234	\$ 2,188,824	\$ 4,452,310
Consumer products	76,791	129,781	343,588	328,032
	<b>1,657,407</b>	<b>4,418,015</b>	<b>2,532,412</b>	<b>4,780,342</b>
Cost of sales	<b>1,566,657</b>	<b>3,992,120</b>	<b>2,181,368</b>	<b>4,229,900</b>
Gross profit	<b>90,750</b>	<b>425,895</b>	<b>351,044</b>	<b>550,442</b>
Interest and other income	<b>10,691</b>	<b>2,599</b>	<b>15,264</b>	<b>6,229</b>
	<b>101,441</b>	<b>428,494</b>	<b>366,308</b>	<b>556,671</b>
<b>Expenses:</b>				
Depreciation	-	74	939	777
Interest	104,455	396,814	144,088	783,070
Legal and audit	4,002	6,728	10,847	7,118
Marketing	59,794	143,109	84,269	151,952
Office supplies and services	7,535	8,192	16,808	19,683
Other	16,820	12,131	24,050	13,387
Rent	10,216	8,124	21,352	18,319
Salaries	129,020	133,992	260,202	269,470
Travel	15,889	3,824	18,023	8,951
	<b>347,731</b>	<b>712,988</b>	<b>580,578</b>	<b>1,272,727</b>
Loss before undernoted	<b>(246,290)</b>	<b>(284,494)</b>	<b>(214,270)</b>	<b>(716,056)</b>
Gain (loss) on disposal of capital assets	-	237	1,800	(69,444)
Write off bond issue costs	<b>(4,868)</b>	-	<b>(4,868)</b>	-
Loss before taxes	<b>(251,158)</b>	<b>(284,257)</b>	<b>(217,338)</b>	<b>(785,500)</b>
Income tax expense (recovery)	<b>(10,594)</b>	<b>3,955</b>	<b>(4,840)</b>	<b>9,987</b>
Net loss	<b>\$ (240,564)</b>	<b>\$ (288,212)</b>	<b>\$ (212,498)</b>	<b>\$ (795,487)</b>
Loss per share (note 2)	<b>\$ (0.39)</b>	<b>\$ (0.44)</b>	<b>\$ (0.69)</b>	<b>\$ (0.98)</b>
Weighted average number of shares outstanding	<b>2,816,794</b>	<b>2,099,002</b>	<b>2,816,794</b>	<b>2,099,002</b>

# IMPERIAL GINSENG PRODUCTS LTD.

Consolidated Statements of Deficit  
(expressed in Canadian Dollars)  
(Unaudited - Prepared by Management)

	Three months ended December 31, 2001	Three months ended December 31, 2000	Six months ended December 31, 2001	Six months ended December 31, 2000
Deficit, beginning of the period	<b>\$(35,202,074)</b>	\$(29,413,789)	<b>\$(34,360,735)</b>	\$(28,275,883)
Net loss	<b>(240,564)</b>	(288,212)	<b>(212,498)</b>	(795,487)
Preferred share dividends	<b>(745,240)</b>	(535,549)	<b>(1,488,343)</b>	(1,070,414)
Royalty amount	<b>(126,728)</b>	(95,755)	<b>(253,030)</b>	(191,521)
Deficit, end of the period	<b>\$(36,314,606)</b>	\$(30,333,305)	<b>\$(36,314,606)</b>	\$(30,333,305)

**IMPERIAL GINSENG PRODUCTS LTD.**

Consolidated Statement of Cash Flows

(expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Three months ended December 31, 2001	Three months ended December 31, 2000	Six months ended December 31, 2001	Six months ended December 31, 2000
<b>Cash flows from operations:</b>				
Net loss	\$(240,564)	\$(288,212)	\$(212,498)	\$(795,487)
Adjustments to reconcile net income to cash provided by operating activities:				
Cost of ginseng crops harvested	1,380,511	3,527,714	1,380,511	3,527,735
Depreciation and amortization	27,080	143,553	18,360	222,646
Write off of deferred debt issue costs	-	-	4,868	-
Net loss (gain) on disposal of capital assets	325	(236)	(1,475)	69,444
	1,167,352	3,382,819	1,189,766	3,024,338
Changes in non-cash working capital:				
Increase in accounts receivable	(26,303)	(927,694)	(30,779)	(952,057)
Decrease (increase) in inventory	(414,032)	(312,789)	45,936	(166,989)
Ginseng crop costs, net of deferred depreciation and amortization	(763,722)	(967,804)	(1,954,704)	(2,318,804)
Decrease in prepaid expenses	167,251	237,876	64,607	60,514
Increase (decrease) in accounts payable	(14,392)	(299,782)	(40,095)	437,825
Royalty amount payable	-	20,235	(9,000)	40,996
Cash provided by (used in) operating activities	116,154	1,132,861	(734,269)	125,823
<b>Cash flows from financing activities:</b>				
Short-term borrowings	(45,000)	(1,045,000)	905,000	115,000
Reduction of capital lease obligations	(35,033)	(54,651)	(53,320)	(87,900)
Reduction of long-term debt	(9,486)	(9,209)	(119,726)	(43,055)
Redemption of preferred shares	-	(12,500)	-	(12,500)
Payment of preferred share issue costs	-	(8,467)	-	(8,467)
Cash provided by (used in) financing activities	(89,519)	(1,129,827)	731,954	(36,922)
<b>Investing:</b>				
Purchase of capital assets, net of disposal proceeds	(31,147)	(19,399)	(81,247)	(81,542)
Net increase (decrease) in cash	(4,512)	(16,365)	(83,562)	7,359
Cash at beginning of period	77,680	66,360	156,730	42,636
Cash at end of period	\$ 73,168	\$ 49,995	\$ 73,168	\$ 49,995

**IMPERIAL GINSENG PRODUCTS LTD.**

Consolidated Statement of Cash Flows (Continued)

(expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Three months ended December 31, 2001	Three months ended December 31, 2000	Six months ended December 31, 2001	Six months ended December 31, 2000
<b>Non-cash investing and financing activities not included in cash flows:</b>				
Long-term debt converted to preferred shares	\$ -	\$ 80,000	\$ 160,000	\$ 80,000
Interest accrued on long-term debt converted to preferred shares	-	-	38,583	-
Dividends and royalty accrued on preferred shares	871,968	631,304	1,741,373	1,261,935
Preferred share issue costs accrued	144,811	102,422	288,794	226,896
Bond discount on bonds converted transferred to preferred shares	-	-	29,125	-
Capital asset purchases financed with capital lease	-	29,019	-	104,686
<b>Supplemental cash flow information:</b>				
Interest paid	\$ 41,175	\$ 79,734	\$ 69,194	\$ 147,633
Income tax paid	12,292	-	34,523	-

# IMPERIAL GINSENG PRODUCTS LTD.

Consolidated Schedules of Ginseng Crop Costs

(expressed in Canadian dollars)

(Unaudited - Prepared by Management)

	Three months ended December 31, 2001	Three months ended December 31, 2000	Six months ended December 31, 2001	Six months ended December 31, 2000
Capital tax	\$ 1,167	\$ 15,667	\$ 16,419	\$ 31,066
Depreciation	152,125	191,767	302,385	384,143
Direct Labour	475,336	510,223	989,118	1,158,153
Equipment rental	29,864	59,111	55,756	84,428
Fertilizers	59,225	39,635	231,085	209,333
Fuel	22,805	27,469	43,524	58,661
Hardware, supplies and small tools	10,732	12,000	20,592	32,964
Insurance	-	1,548	13,101	17,189
Land rental and improvements	37,096	125,683	204,904	291,746
Mulch	63,207	114,747	246,046	277,169
Office supplies and services	12,885	22,088	29,011	38,087
Other	1,888	1,206	4,051	4,142
Rent	12,130	11,719	27,685	29,028
Repairs and maintenance	15,804	12,784	30,236	39,564
Seed	12,089	558	15,943	15,989
Telephone and utilities	6,531	7,035	13,451	17,054
Travel and automobile	2,963	6,330	13,782	14,230
	<b>915,847</b>	<b>1,159,570</b>	<b>2,257,089</b>	<b>2,702,946</b>
Balance, beginning of period	<b>11,891,734</b>	<b>14,855,855</b>	<b>12,121,780</b>	<b>15,553,932</b>
	<b>12,807,581</b>	<b>16,015,425</b>	<b>14,378,869</b>	<b>18,256,878</b>
Less: Charged to Cost of Sales	(1,380,511)	(3,527,714)	(1,380,511)	(3,527,735)
Less: Charged to Inventory	(1,227,239)	(1,051,552)	(2,798,527)	(3,292,984)
Net crop costs, end of period	<b>\$10,199,831</b>	<b>\$11,436,159</b>	<b>\$10,199,831</b>	<b>\$11,436,159</b>
Comprised of:				
Current portion expected to be harvested and marketed within one year	\$ 3,800,000	\$ 5,100,000	\$ 3,800,000	\$ 5,100,000
Balance expected to be harvested after one year	6,399,831	6,336,159	6,399,831	6,336,159
	<b>\$10,199,831</b>	<b>\$11,436,159</b>	<b>\$10,199,831</b>	<b>\$11,436,159</b>

Notes to Consolidated Financial Statements  
 (expressed in Canadian dollars)  
 (Unaudited – Prepared by Management)  
 Six months ended December 31, 2001

**1. Interim Unaudited Financial Statements**

These interim financial statements follow the same accounting policies and methods of their application as the most recent annual financial statements and should be read in conjunction with the financial statements for the year ended June 30, 2001.

**2. Net loss per share**

Net loss per share is calculated by dividing net loss available to common shareholders which includes preferred share dividends and royalty amount by the weighted average number of shares outstanding. Fully diluted loss per share has not been presented as outstanding stock options, warrants, and debt and preferred share conversions are anti-dilutive.

**3. Capital stock**

Authorized share capital:

- 100,000,000 Common Shares without par value
- 100,000,000 Class "A" Preferred shares with a par value of \$1 each
- 100,000,000 Class "B" Preferred shares with a par value of \$5 each

Issued and outstanding:

	December 31, 2001	June 30, 2001
Common shares (a)	\$ 19,843,918	\$ 19,843,918
Class "A" Preferred shares (b)	22,255,263	22,326,326
Unpaid dividends and royalties (c)	5,721,514	3,980,141
	<b>\$ 47,820,695</b>	<b>\$ 46,150,385</b>

(a) Common Shares issued:

	Number of shares	Amount
Balance, June 30, 2000	2,092,587	\$ 19,519,865
Preferred share conversions	57,569	65,200
Bond conversions – principal and interest	666,638	185,986
Conversion option attributable to bonds converted	-	72,867
Balance, June 30, 2001 and December 31, 2001	<b>2,816,794</b>	<b>\$ 19,843,918</b>

Notes to Consolidated Financial Statements  
(expressed in Canadian dollars)  
(Unaudited – Prepared by Management)  
Six months ended December 31, 2001

(b) Preferred Shares issued:

	Number of shares	Amount
Balance, June 30, 2000	17,098,330	\$ 15,370,708
Original principal amount of bonds converted	4,810,500	4,810,500
Unamortized bond discount of bonds converted	-	(163,879)
Conversion option attributable to bonds converted	-	997,171
Accrued interest on bonds converted	902,570	902,570
Total carrying value of bonds converted to preferred shares in 2001	5,713,070	6,546,362
Preferred share issue costs	-	(465,044)
Preferred shares issued in settlement of debt	952,000	952,000
Preferred shares retracted	(12,500)	(12,500)
Preferred shares converted to common shares	(65,200)	(65,200)
Balance, June 30, 2001	23,685,700	22,326,326
Original principal amount of bonds converted	160,000	160,000
Unamortized bond discount of bonds converted	-	(10,000)
Conversion option attributable to bonds converted	-	29,148
Accrued interest on bonds converted	38,583	38,583
Total carrying value of bonds converted to preferred shares	198,583	217,731
Preferred share issue costs	-	(288,794)
Balance, December 31, 2001	23,884,283	\$ 22,255,263

(c) Unpaid dividends and royalties:

	Amount
Balance, June 30, 2000	\$ 1,446,808
Cumulative dividends on preferred shares	2,207,439
Cumulative royalties on Royalty Participation Units	325,894
Balance, June 30, 2001	3,980,141
Cumulative dividends on preferred shares	1,488,343
Cumulative royalties on Royalty Participation Units	253,030
Balance, December 31, 2001	\$ 5,721,514

#### 4. Related party transactions

During the period ended December 31, 2001, the following transactions with related parties occurred:

- (a) The Company paid or has recorded as payable \$123,000 (2000 - \$123,000) to a management company with directors in common for office and administrative services.
- (b) The Company has recorded as payable \$273,326 (2000 - \$240,083) to a management company with directors in common for preferred share distribution services and annual asset management services for its preferred shares.
- (c) The Company has paid \$65,743 (2000 - \$133,502) to companies controlled by a director of the Company for marketing and selling services related to the sale of the Company's ginseng root.

#### 5. Subsequent events

Subsequent to December 31, 2001, Qwest Bancorp Ltd., a company related by directors in common, converted 1,464,000 Class "A" Preferred Shares into common shares of the Company. The Class "A" Preferred Shares were converted as follows:

- a) 750,000 Class "A" Preferred Shares converted at a price of \$0.77 into 974,026 common shares
- b) 714,000 Class "A" Preferred Shares converted at a price of \$0.34 into 2,100,000 common shares

In addition, a director of the Company converted 488,000 Class "A" Preferred Shares into common shares of the Company. The Class "A" Preferred Shares were converted as follows:

- a) 250,000 Class "A" Preferred Shares converted at a price of \$0.77 into 324,675 common shares
- b) 238,000 Class "A" Preferred Shares converted at a price of \$0.34 into 700,000 common shares

Preferred shareholders exercised their rights on January 29, 2002 to convert 60,689 Class "A" preferred shares into 233,420 common shares at a price of \$0.26.

**QUARTERLY AND YEAR END REPORT**

BC FORM 51-901f  
(previously Form 61)

Incorporated as part of: \_\_\_\_\_ Schedule A  
\_\_\_\_\_ **X** \_\_\_\_\_ Schedule B & C

**ISSUER DETAILS:**

NAME OF ISSUER Imperial Ginseng Products Ltd.

ISSUER ADDRESS Suite 1601 - 650 West Georgia  
P.O. Box 11549  
Vancouver, BC  
V6B 4N7

CONTACT PERSON Hilary Madore

CONTACT POSITION Vice President, Finance

CONTACT TELEPHONE # (604) 689-8863

CONTACT EMAIL Hilary@imperialginseng.com

WEB SITE ADDRESS N/A

FOR QUARTER ENDED December 31, 2001

DATE OF REPORT February 4, 2002

**CERTIFICATE**

THE SCHEDULE(S) REQUIRED TO COMPLETE THIS QUARTERLY REPORT ARE ATTACHED AND THE DISCLOSURE CONTAINED THEREIN HAS BEEN APPROVED BY THE BOARD OF DIRECTORS. A COPY OF THIS QUARTERLY REPORT WILL BE PROVIDED TO ANY SHAREHOLDER WHO REQUESTS IT. PLEASE NOTE THIS FORM IS INCORPORATED AS PART OF BOTH THE REQUIRED FILING OF SCHEDULE A AND SCHEDULES B & C.

<u>HUGH CARTWRIGHT</u>	<u>"Hugh Cartwright"</u>	<u>02/02/04</u>
NAME OF DIRECTOR	SIGNED	DATE SIGNED (YY/MM/DD)
<u>JAMES CHANG</u>	<u>"James Chang"</u>	<u>02/02/04</u>
NAME OF DIRECTOR	SIGNED	DATE SIGNED (YY/MM/DD)

**IMPERIAL GINSENG PRODUCTS LTD.**  
**Schedule B – Supplementary Information**  
**Six months ended December 31, 2001**

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**1. Analysis of expenses and deferred costs:**

**(a) Deferred costs:**

See Consolidated Schedules of Ginseng Crop Costs incorporated into Schedule A.

**(b) Cost of sales:**

Ginseng root	\$ 1,812,118
Drying and processing costs	202,877
Consumer products	166,373
	\$ 2,181,368

**2. Related party transactions:**

See Consolidated Financial Statements – Note 4 incorporated into Schedule A.

**3. Summary of securities issued and options granted during the period:**

**(a) Securities issued during the period:**

Date	Type of Issue	Number	Price	Total Cash Proceeds	Commission Paid	Agent's Warrants Issued
Aug. 31/01	Preferred Shares	198,583	\$1.00	Bond and interest conversion	Nil	Nil

**(b) Options granted during the period:**

There were no options granted during the period.

**4. Summary of securities as at December 31, 2001:**

**(a) Authorized share capital:**

100,000,000 Common Shares without par value  
 100,000,000 Class "A" Preferred Shares with a par value of \$1 each  
 100,000,000 Class "B" Preferred Shares with a par value of \$5 each

**(b) Shares issued and outstanding at December 31, 2001:**

Issued and outstanding	# of shares	Amount
Common shares	2,816,794	\$ 19,843,918
Class "A" Preferred Shares	23,884,283	22,255,263
Unpaid dividends and royalties		5,721,514
		\$ 47,820,695

See also Consolidated Financial Statements – Note 3 incorporated into Schedule A.

(c) Summary of options, warrants and convertible securities outstanding at December 31, 2001:

Options	Number of Shares	Exercise Price	Expiry
Incentive stock options	118,800	\$3.00	November 4, 2002

Warrants	Number of Warrants	Exercise Price	Expiry
Issued in respect of Convertible Bonds 1998:	23,633	\$1.53 (a)	January, 2002
	17,578	\$1.53 (a)	March, 2002
	8,000	\$3.00 (a)	June, 2002
	77,205	\$2.20 (a)	July, 2002
	39,267	\$2.41 (a)	July, 2002
	32,308	\$1.80 (a)	August, 2002
	2,252	\$1.61 (a)	September, 2002
	15,449	\$1.39 (a)	October, 2002
	34,092	\$1.05 (a)	December, 2002
	Issued in respect of Preferred Shares:	4,195	\$1.74 (a)
4,195		\$1.74 (a)	April, 2002
38,655		\$1.44 (a)	April, 2002
57,680		\$1.78 (a)	May, 2002
28,595		\$1.78 (a)	June, 2002
32,550		\$1.74 (a)	June, 2002
26,144		\$1.78 (a)	June, 2002
14,800		\$3.00 (a)	June, 2002
28,797		\$2.41 (a)	July, 2002
50,577		\$1.80 (a)	August, 2002
45,046	\$1.61 (a)	September, 2002	
75,392	\$1.39 (a)	October, 2002	
72,075	\$1.61 (a)	December, 2002	
70,456	\$1.05 (a)	December, 2002	
	798,941		

(a) The exercise price increases by \$0.25 on February 1, 2002.

Convertible Securities	Amount	Conversion Price	# of Common Shares
1998 Bonds	349,000	\$1.56 - \$3.39	129,329
Preferred Shares	23,884,283	\$0.20 - \$3.00	32,677,843

(d) Shares in escrow or subject to a pooling agreement:

There were no shares in escrow or subject to a pooling agreement.

(e) List of directors and officers:

Stephen P. McCoach	Director and Co-Chairman
Hugh R. Cartwright	Director and Co-Chairman
James S. Chang	Director and President
Joseph A. Rogers	Director
Maurice Levesque	Director
Dr. Aik Ping Eng	Director
Robert Geier	Vice President, Ontario Operations
Hilary Madore	Vice President, Finance

**IMPERIAL GINSENG PRODUCTS LTD.**  
**Schedule C – Management Discussion and Analysis**  
**Six months ended December 31, 2001**

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Imperial Ginseng Products Ltd. ("the Company") is incorporated under the Company Act of British Columbia. The Company cultivates, processes, and markets North American Ginseng and Consumer Products in North America and Asia.

**Operations and Financial Condition**

For the six-month period ended December 31, 2001, the Company reports revenues of \$2,188,824 and net loss of \$212,498 or \$0.69 per share. This compares to revenues of \$4,452,310 and a net loss of \$795,487 or \$0.98 per share for the same period in the prior year.

The harvesting and processing of ginseng root was mostly completed by the end of December, 2001. Production from the 139 acres harvested totalled approximately 381,000 pounds. On December 31, 2001, approximately 23% of the root had been sold. Compared to the prior year, 180 acres were harvested with production totalling approximately 549,000 pounds. On December 31, 2000, approximately 48% of the root had been sold.

Interest expense for the six-month period ended December 31, 2001 was \$144,088 compared to \$783,070 for the same period in the prior year. This decrease results from the conversion of long-term debt to preferred shares during the prior year.

The Company planted approximately 140 acres of ginseng at its Ontario farm during the fall of 2001, and at the completion of the planting and harvesting activities, had 561 acres of ginseng in total under cultivation at the Ontario and the British Columbia farms.

On December 31, 2001, the Company had total assets of \$16,890,799 as compared with \$16,433,370 at June 30, 2001.

Working capital increased from \$3,370,765 on June 30, 2001 to \$3,431,788 on December 31, 2001 and the current ratio decreased from 2.18 on June 30, 2001 to 1.87 on December 31, 2001.

**Financing Activities**

During the period the Company determined that it was required to continue to suspend payment of dividends on its Class "A" Preferred Shares and interest on all its previously issued convertible bonds. As at December 31, 2001 cumulative unpaid dividends and interest in arrears are \$4,710,005 and \$454,058, respectively.

The Company continues to work with its 1994 and 1995 bondholders to convert the remaining bonds to preferred shares.

For the six-month period ended December 31, 2001, \$50,000 of 1998 Convertible Bonds had been converted to Preferred Shares of the Company.

**Line of Credit**

Canadian Imperial Ginseng Farms Ltd. ("CIGF"), a subsidiary of the Company, has available with a Canadian chartered bank a \$1,425,000 line of credit, subject to certain margin calculations, which

bears interest at prime plus 1 ¼% per annum and is secured by a charge over all inventory and crops.

During the six-month period ended December 31, 2001, the Company successfully completed all the requirements for an additional line of credit in the amount of \$910,000 through its subsidiary, Canadian Imperial Ginseng Ontario Ltd. under the same terms and conditions as CIGF.

### **Related Party Transactions and Balances**

During 1999, a management company with directors in common was requested to consult with and advise to the Company with respect to restructuring its long-term debt obligations. As a result, the management company was engaged to structure, package, market and administer the conversion of long-term debt obligations to convertible Class "A" Preferred Shares. The management company is compensated for such services by a one-time service charge of 6% of the face value of Convertible Bonds or Preferred Shares issued either by way of long-term debt converted to Preferred Shares or through the issue of Preferred Shares by way of private placements and an annual asset management service charge of 2.5%. For the six-month period ended December 31, 2001, the Company was charged and accrued \$nil and \$273,326, respectively for these services.

In addition, the management company provides administrative and office services and the Company was charged \$92,250, \$9,840, and \$90,910 for salaries, rent, and office, respectively.

The Company has ginseng marketing agreements with companies controlled by a director of the Company (the "Marketing Companies"). Pursuant to these agreements, the Marketing Companies market the Company's ginseng crops on a best effort basis in return for a fee. The Marketing Companies render all marketing and selling services and pay all expenses related to the sale of the Company's ginseng root. For the six-month period ended December 31, 2001, the Company paid \$65,743 for these services.

### **Investor Relations**

The Company currently has no agreements in place for which investor services are provided.

### **Subsequent Events**

Subsequent to December 31, 2001, Qwest Bancorp Ltd., a company related by directors in common, converted 1,464,000 Class "A" Preferred Shares into common shares of the Company. The Class "A" Preferred Shares were converted as follows:

- a) 750,000 Class "A" Preferred Shares converted at a price of \$0.77 into 974,026 common shares
- b) 714,000 Class "A" Preferred Shares converted at a price of \$0.34 into 2,100,000 common shares

In addition, a director of the Company converted 488,000 Class "A" Preferred Shares into common shares of the Company. The Class "A" Preferred Shares were converted as follows:

- a) 250,000 Class "A" Preferred Shares converted at a price of \$0.77 into 324,675 common shares
- b) 238,000 Class "A" Preferred Shares converted at a price of \$0.34 into 700,000 common shares

Preferred shareholders exercised their rights on January 29, 2002 to convert 60,689 Class "A" preferred shares into 233,420 common shares at a price of \$0.26.