

TRI-VISION INTERNATIONAL LTD./LTEE

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September 6, 2002



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Office of International Corporate Finance
Securities & Exchange Commission
450 - 5 Street, N.W., Room 3094 (3-6)
Washington, D.C., U.S.A. 20549

Attention: Office of Applications & Report Services

Dear Sirs:

Re: Exemption No. 82-4501

SUPL

Please find enclosed a copy of the unaudited Consolidated Interim Financial Statements for the three months ended June 30th, 2002 for your public files.

If you have any questions regarding the above, please do not hesitate to contact the undersigned.

Yours truly,

TRI-VISION INTERNATIONAL LTD./LTEE

Per: J. Allan Ringler

JAR/cd

Encl.

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FINANCIAL**

TRI-VISION INTERNATIONAL LTD. / LTEE

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

Expressed in thousands of Canadian Dollars

| ASSETS | NOTES | As at Jun 30 2002 \$ | As at Mar 31 2002 \$ |
|---|-------|-------------------------------|-------------------------------|
| CURRENT | | | |
| Cash and cash equivalents | 3 | 1,640 | 615 |
| Term deposits | | 1,297 | 1,297 |
| Accounts receivable | | 2,473 | 3,311 |
| Due from related party | | 72 | 72 |
| Inventories | | 1,219 | 1,158 |
| Prepaid expenses | | 18 | 42 |
| | | 6,719 | 6,495 |
| Term deposits | | 1,862 | 1,230 |
| Deferred development costs | | 3,230 | 3,360 |
| Capital assets, net | | 205 | 223 |
| V-Chip license and Patents, net | | 11,856 | 12,088 |
| | | 23,872 | 23,396 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| CURRENT | | | |
| Accounts payable and accrued liabilities | | 1,837 | 2,119 |
| Customers' deposits | | 374 | 262 |
| Income taxes payable | | 63 | 171 |
| | | 2,274 | 2,552 |
| Government grants payable | | 495 | 330 |
| | | 2,769 | 2,882 |
| SHAREHOLDERS' EQUITY | | | |
| Capital stock | 2 | 33,772 | 33,772 |
| Contributed surplus | | 55 | 55 |
| Deficit | | (12,724) | (13,313) |
| | | 20,975 | 20,514 |
| | | 23,872 | 23,396 |

See notes to the consolidated financial statements

TRI-VISION INTERNATIONAL LTD. / LTEE

CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT FOR THREE MONTHS PERIOD ENDED JUNE 30

(UNAUDITED)

Expressed in thousands of Canadian Dollars

| | NOTES | 2002 \$ | 2001 \$ |
|---|-------|--------------|--------------|
| Revenue | 5 | 2,782 | 1,888 |
| Cost of sales | | 1,188 | 818 |
| Gross profit | | 1,594 | 1,070 |
| Selling, general and administrative | | 490 | 408 |
| Research and development | 4 | 227 | 171 |
| V-Chip amortization and marketing | | 232 | 232 |
| | | 947 | 811 |
| Income before interest and income taxes | | 647 | 259 |
| Interest income | | 6 | 35 |
| Interest expense | | - | (9) |
| Income (loss) before income taxes | | 653 | 285 |
| Provision for current income taxes | | 64 | 62 |
| Net income (loss) | | 589 | 223 |
| Deficit, beginning of period | | (13,313) | (11,377) |
| Deficit, end of the period | | (12,724) | (11,154) |
| Earnings per share | | 0.011 | 0.004 |
| Fully diluted earnings per share | | 0.011 | 0.004 |

See notes to the consolidated financial statements

TRI-VISION INTERNATIONAL LTD. / LTEE

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THREE MONTHS PERIOD ENDED JUNE 30

(UNAUDITED)

Expressed in thousands of Canadian Dollars

| NOTES | 2002 \$ | 2001 \$ |
|---|--------------|--------------|
| CASH FLOW FROM OPERATING ACTIVITIES: | | |
| Net income | 589 | 223 |
| Add charges to operations not involving cash | | |
| Amortization of capital assets | 19 | 18 |
| Amortization of deferred development costs | 129 | 168 |
| Amortization of V-Chip license and patent | 232 | 232 |
| | 969 | 641 |
| Changes in non-cash working capital | | |
| Account receivable | 838 | (157) |
| Inventories | (61) | 102 |
| Prepaid expenses | 24 | 40 |
| Accounts payable and accrued liabilities | (282) | (27) |
| Income taxes payable (recoverable) | (108) | (57) |
| Customers' deposits | 112 | (30) |
| Cash flow from operating activities | 1,492 | 512 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Term deposits | (632) | (300) |
| Additions to capital assets | - | (4) |
| Deferred development costs | | (157) |
| Cash flow used in investing activities | (632) | (461) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Bank indebtedness | - | 360 |
| Government grants received | 165 | 57 |
| Cash flow from (used in) financing activities | 165 | 417 |
| Net Increase in Cash & Cash Equivalents during the period | 1,025 | 468 |
| Cash and Cash Equivalents, beginning of period | 615 | 874 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | 1,640 | 1,342 |

See notes to the consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The interim consolidated financial statements include the accounts of Tri-Vision International Ltd / Ltée and its wholly-owned subsidiary (collectively "the Company"). These interim financial statements should be read in conjunction with the most recently prepared annual financial statements.

These interim consolidated financial statements are prepared using accounting principles and methods of applications that are in conformity with Canadian generally accepted accounting principles ("Canadian GAAP"). These policies and methods of applications are the same as the most recent annual statements.

2. CAPITAL STOCK:

Authorized:

Issued: Unlimited number of Class "B" preference shares, non-voting, non cumulative
Discretionary dividends and retractable

Unlimited number of Class "C" preference shares, voting, non-cumulative,
Redeemable and retractable,

Unlimited number of common shares, No par value

53,580, 314 common shares have been issued for a total of **\$ 33,771,986**

Stock options, Warrants and Convertible Securities outstanding:

On December 21, 2001 the Company granted stock options to directors and officers to acquire 1,950,000 common shares exercisable at a price of \$0.245 per share until December 21, 2004. All these stock options were vested and outstanding as at June 30, 2002,

On April 20, 2001 the Company granted an executive, options to acquire 100,000 common shares at an exercise price of \$0.46 per share and as additional 100,000 common shares at an exercise price of \$1.50 per share with an expiry date of April 20, 2003. All these stock options were vested and outstanding as at June 30, 2002.

On June 20, 2002, the Company granted Century Communications options to acquire 150,000 common shares at an exercise price of \$0.46 per share with an expiry date of June 20, 2003. These stock options were vested and outstanding as at June 30, 2002.

There are no outstanding warrants or convertible securities.

3. TERM DEPOSITS:

Term deposits held by the Company at June 30, 2002 mature at various date from July 2, 2002 to March 3, 2003 and are assigned as cash security against an outstanding letter of credit which expires on December 31, 2002. Although the term deposit mature, and the letter of credit expires, within one year after June 30, 2002, the Company is required to either renew the letter of credit with similar security or set aside cash in a restricted reserve fund as part of the licensing arrangement. At June 30, 2002, current liabilities include \$1,297,249 (June -2001 – nil) relating to such costs which may be paid using the funds held in term deposits. Accordingly, \$1,297-249 (June 2001 – nil) of the term deposits have been classified as current assets and the remaining term deposits have been classified as non-current assets.

TRI-VISION INTERNATIONAL LTD. / LTEE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. RESEARCH AND DEVELOPMENT:

| | June 30 2002 \$ | June 30 2001 \$ |
|---|-----------------------|-----------------------|
| Total research and development costs incurred during the year | 111 | 172 |
| Government assistance | (13) | (12) |
| | 98 | 160 |
| Deferred development costs | - | (157) |
| Amortization of deferred development costs | 129 | 168 |
| Net research and development costs incurred during the year | 227 | 171 |

5. SEGMENTED INFORMATION:

The Company designs, manufactures, and supplies electronic products for customers in the cable television (CATV), multimedia and consumer electronic industries, which, in aggregate, form the cable television business. The Company manages its operations under one segment, which provides products to the cable television business. Operating expenses are managed at the total Company level by major type of expense category and as such are not allocated to the major revenue generating products. This represents the manner in which Company is organized and managed for assessing performance and making resource allocation decisions.

The following table shows certain information with respect to product line revenues:

| | June 30 2002 \$ | June 30 2001 \$ |
|------------------------------|-----------------------|-----------------------|
| V-Chip licensing and decoder | 1,290 | 625 |
| Converters | 251 | 278 |
| Transmitters | 91 | 105 |
| Cable equipment | 1,080 | 669 |
| Other | 70 | 211 |
| | 2,782 | 1,888 |

A summary of revenue segmented to the customers' country of residence is as follows:

| | June 30 2002 \$ | June 30 2001 \$ |
|---------------|-----------------------|-----------------------|
| Canada | 290 | 409 |
| United States | 233 | 267 |
| Japan | 1,286 | 625 |
| Other | 973 | 587 |
| | 2,782 | 1,888 |

Assets are maintained only in Canada, and all expenses are incurred out of the Company's head quarters in Canada.

TRI-VISION INTERNATIONAL LTD. / LTEE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. RELATED PARTY TRANSACTIONS:

- (a) During the three months ended June 30, 2002, rent of \$45,000 (2001 - \$45,000) was paid to Tri-Venture Investments. Some of the partners of Tri-Venture Investments are also the directors of the Company. The Company has leased space on a net net basis for its head office in Scarborough, Ontario. The lease expired on October 31, 1996. Management has agreed to lease the said premises on a month-to-month basis at a rent of \$15,000 per month.
- (b) During the fiscal year 1999, \$140,000 was advanced to a director of the Company of which \$ 72,438 (2001-\$98,101) is still outstanding. The advances are unsecured, due on demand, and bear interest at the rate of 8.25% per annum.

The Company conducted these related party transactions on normal commercial terms and conditions.

7. CONSOLIDATED STATEMENTS OF CASH FLOWS:

| | June 30 2002 \$ | June 30 2001 \$ |
|------------------------------------|-----------------------|-----------------------|
| Cash paid for interest expense | 0 | 9 |
| Cash received from interest income | 6 | 17 |
| Cash paid for income taxes | 181 | 110 |