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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

BTB 2/4

03013467

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-32327

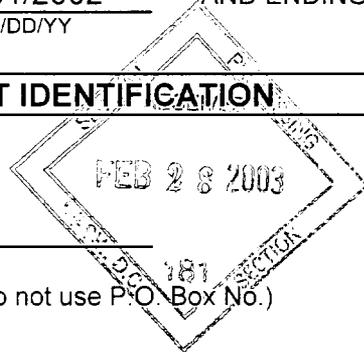
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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
NALICO EQUITY CORPORATION



OFFICIAL USE ONLY
FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS : (Do not use P.O. Box No.)
Am Mühlhebel 9
(No. and Street)
67685 Weilerbach, Germany
(City) (State) (ZIP Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Debra R. Stapleton 011-49-637-480-1187
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
TOBY'S TAX SERVICE (formerly TAXCO)
(Name - if individual, state last, first, middle name)

Dorfstr. 26 35625 Rechtenbach, Germany
(Address) (City) (State)

PROCESSED
MAR 18 2003
THOMSON
FINANCIAL

CHECK ONE:
 Certified Public Accountant
 Public Accountant
 Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as basis for the exemption. See section 240.17a-5(e)(2).

FORM X-17A-5	FOCUS REPORT Financial and Operational Combined Uniform Single Report) Part IIA Annual 17a-5(a) INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17
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COVER

Is net capital requirement calculated using (B)asic or (A)lternative method? **BASIC**

Broker-Dealer Name: **NALICO EQUITY CORPORATION**

Address: **AM MUHLHEBEL 9
D67685 WEILERBACH, GERMANY**

SEC File Number: **8-32327**

Firm I.D.: **015530**

Period Beginning: **01/01/02**

Period Ending: **31/12/02**

Name and telephone number of person to contact in regard to this report:

Contact Name: **DEBRA R. STAPLETON**

Contact Phone: **011-49-160-479-6285**

Name(s) of subsidiaries or affiliates consolidated in this report:

Name(s): Phone Number:

Does respondent carry its own customer accounts? **NO**

Check here if respondent is filing an audited report **YES**

ASSETS

Consolidated [] or Unconsolidated [X]:

	Allowable	Nonallowable	TOTAL
1 Cash:	\$ 6,262.75		\$ 6,262.75
(Checking Account) 3620.75			
(CRDRG Account) -33.00			
(CRDRN Account) 2675.00			
2 Receivables from Brokers & Dealers:			
A Clearance Account			
B Other		\$ 1,448.00	\$ 1,448.00
(Dealer Reserve) 1436			
(Payables Below Minimum) 1448			
3 Receipts from non-customers:			
4 Securities & spot commodities owned at market value:			
A Exempted securities			
B Debt securities			
C Options			
D Other securities	\$ 7,104.96		\$ 7,104.96
(OPP MMF) 6842.01			
(PIO MMF) 262.95			
E Spot commodities			
5 Securities owned not readily marketable:			
A At cost			
B At estimated fair value			
6 Securities borrowed under subordination agreements & partners' individual & capital securities accounts, at market value:			
A Exempted securities			
B Other			
7 Secured demand notes - market value of collateral:			
A Exempted securities			
B Other			
8 Memberships in Exchange:			
A Owned at market value			
B Owned at cost			
C Contributed for use of company at market value			

11	Other Assets:			
12	TOTAL ASSETS:	\$ 13,367.71	\$ 1,448.00	\$ 14,815.71

LIABILITIES

	Allowable	Nonallowable	TOTAL
13			
14			
A			
B			
15			
16			
17	\$ -	\$ -	\$ -
18			
A			
B			
19			
A			
1.			
2.			
B			
C			
1.			
2.			
D			
E			
20			\$ -

OWNERSHIP EQUITY

21	Sole Proprietorship:		
22	Partnership & limited partners:		
23	Corporation:		
A	Preferred Stock		
B	Common Stock		
C	Additional paid-in capital	\$	25,000.00
D	Retained earnings	-\$	10,184.29
E	Total	\$	14,815.71
F	Less treasury stock		
24	TOTAL OWNERSHIP EQUITY:	\$	14,815.71
25	TOTAL LIABILITIES AND OWNERSHIP EQUITY:	\$	14,815.71

STATEMENT OF INCOME (LOSS)

Number of months included in this statement [MUST REFLECT 3 MONTHS FOR 17a-5(a)]:

12

REVENUE

1	Commissions:		
a	On listed equity securities executed on an exchange		
b	On listed option transactions		
c	On all other securities		
d	Total securities commissions		
2	Gains or losses on firm trading accounts:		
a	From market making in options on National Security Exchange		
b	From all other trading		
c	Total gains and losses		
3	Gains or losses on firm investment accounts (Div Income):	\$	61.09
4	Profit or loss from underwriting or selling groups:		
5	Revenue from sale of investment company shares: (TOTAL Dealer Concessions)	\$	159,717.95
6	Commodities revenue:		
7	Fees for account supervision, investment advisory & administrative services:		
8	Other revenue:		\$4,419.94
	(Application Fees) 3,045.00		
	(Bank Error (+)) 807.94		
	(CRD Reallocation) 127.00		
	(State Renewal Fees) 440.00		
9	Total revenue:	\$	164,198.98

EXPENSES

10	Salaries & other employment costs for general partners & voting stockholder officers:		
11	Other employee compensation & benefits (TOTAL Commissions):	\$	121,239.41
12	Commissions paid to other broker-dealers:		
13	Interest expense:		
a	Including interest on accounts subject to subordination agreement		
14	Regulatory fees & expenses (TOTAL NASD Fees):	\$	3,808.00
15	Other expenses:		\$65,958.30
	(TOTAL Business Expense) 65,229.88		

NET INCOME

17	Income(loss) before Federal Taxes:	-\$	26,806.73
18	Provision for Federal Income Taxes (parent only):		
19	Equity in earnings(losses) of unconsolidated subordinates:		
a	After Federal income taxes of		
20	Extraordinary gains(losses):		
a	After Federal income taxes of		
21	Cummulative effect of changes in accounting principle:		
22	Net income/loss after Federal income taxes & extraordinary items:	-\$	26,806.73

EXEMPTIVE PROVISIONS

- 25 If an exemption from Rule 15c3-3 is claimed, mark the appropriate rule section with an 'X':
- X A (k)(1) - Limited business (mutual funds and/or variable annuities only)
 - B (k)(2)(i) - "Special Account for Exclusive Benefit of Customers" maintained
 - C (k)(2)(ii) - All customer transactions cleared through another broker-dealer on a fully disclosed basis.
 Clearing Firm SEC #s Product Code [A=all;O=options; M=municipals; G=general securities; X=other]
 8-
 8-
 8-
 8-
 8-
 - D (k)(3) - Exempted by order of the Commission

COMPUTATION OF NET CAPITAL

1	Total ownership equity from Statement of Financial Condition:	\$	14,815.71
2	Deduct ownership equity not allowable for Net Capital:	\$	-
3	Total ownership equity qualified for Net Capital:	\$	14,815.71
4	Add:		
A	Liabilities subordinated to claims of general creditors allowable in computation of net capital:	\$	-
B	Other (deductions) or allowable credits (List):		
	Description Amount		
		\$	-
5	Total capital & allowable subordinated liabilities:	\$	14,815.71
6	Deductions &/or charges:		
A	Total non-allowable assets from Statement of Financial Condition (Notes B and C):	\$	1,448.00
B	Secured demand note deficiency		
C	Commodity futures contracts & spot commodities - proprietary capital charges		
D	Other deductions &/or charges	-\$	1,448.00
7	Other additions &/or credits (List):		
	Description Amount		
8	Net capital before haircuts on securities positions:	\$	13,367.71
9	Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):		
A	Contractual securities commitments		
B	Subordinated debt		
C	Trading and investment securities:		
	1. Exempted securities		
	2. Debt securities		
	3. Options		
	4. Other securities		
D	Undue concentration		
E	Other (List)	\$	142.10
	Description Amount of Investment		
	MMFs 7104.96		
		-\$	142.10
10	Net Capital:	\$	13,225.61

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11	Minimum net capital required: (6-2/3% of Aggregate Indebtedness)	\$	-
12	Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in	\$	5,000.00

Statement of Financial Condition
As of 31/12/02 (in U.S. Dollars) (Cash Basis)

20/02/03

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Account	31/12/02 Balance
ASSETS	
Cash and Bank Accounts	
Checking Account	3,620.75
CRDRG Account	-33.00
CRDRN Account	2,675.00
OPP Cash Reserves Class A	6,842.01
PIO Euro Reserve Fund	262.95
TOTAL Cash and Bank Accounts	13,367.71
Other Assets	
Dealer Reserve	1,436.00
WOOD-HART PBM	0.00
WRL PBM	12.00
TOTAL Other Assets	1,448.00
TOTAL ASSETS	14,815.71
LIABILITIES & EQUITY	
LIABILITIES	
Credit Cards	
Office Expenses	0.00
TOTAL Credit Cards	0.00
Other Liabilities	
Unpaid Commissions	0.00
TOTAL Other Liabilities	0.00
TOTAL LIABILITIES	0.00
EQUITY	14,815.71
TOTAL LIABILITIES & EQUITY	14,815.71

Statement of Cash Flows

01/01/02 Through 31/12/02 (in U.S. Dollars)

20/02/03

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Category Description	01/01/02- 31/12/02
INFLOWS	
Dealer Concessions	165,073.63
12B-1 Fees	25.66
Payable Below Minimum	219.56
Reserve Withdrawn	-5,600.90
TOTAL Dealer Concessions	159,717.95
Div Income	61.09
Other Income	
Application Fees	3,045.00
Bank Error (+)	807.94
CRD Reallocation	127.00
Miscellaneous	228.41
State Renewal Fees	440.00
TOTAL Other Income	4,648.35
TOTAL INFLOWS	164,427.39
OUTFLOWS	
Business Expense	
Ads	1,409.40
Bank Charge	735.60
Corporate Fee	275.00
Corporate Meeting	1,070.45
Education	660.00
Securities Conference	2,275.00
Study Materials	543.60
TOTAL Education	3,478.60
Executive Consultant's Office	33,000.00
Expense Reimbursement	76.25
Meals & Entertn, Bus	606.35
NALICO Home Office	11,000.00
Office Supplies	319.31
Postage and Delivery	491.75
Printing and Reproduction	42.46
Service Charge	560.98
Taxes	
Fed	368.00
Franchise	110.00
TOTAL Taxes	478.00
Travel, Business	
Air Fare	3,190.09
Car Rental	1,497.55
Hotel	4,202.52
TOTAL Travel, Business	8,890.16
Utilities, Business	
Internet Line	130.00
Telephone	2,665.57
TOTAL Utilities, Business	2,795.57
TOTAL Business Expense	65,229.88
Commission	113,460.17
Held Commissions	268.41
Override	7,779.24
TOTAL Commission	121,507.82
License & Registration	312.00
FBI Fingerprint Fee 1st Subm.	66.00
NASD CE Tracked Fee S101	130.00
NASD CE Tracked Fee S106	195.00
NASD Fingerprint 1st Subm.	30.00
NASD Individual Reg. Fee	510.00
NASD Membership	600.00
NASD Termination Fee-Full U5	520.00
NC Individual Registration Fee	55.00
S26 Exam	300.00
S52 Exam	60.00
S53 Exam	75.00

Statement of Cash Flows

01/01/02 Through 31/12/02 (in U.S. Dollars)

20/02/03

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Category Description	01/01/02- 31/12/02
Other Exp	
Bank Error (-)	728.42
TOTAL Other Exp	728.42
TOTAL OUTFLOWS	191,234.12
OVERALL TOTAL	-26,806.73

NALICO EQUITY CORPORATION
Notes to Financial Statements

- Note A The PIO Euro Reserve Fund was established for the purpose of depositing Dealer Concessions received in European Euros. For purposes of calculations, the value of one Euro was deemed equivalent to the value of one US Dollar.
- Note B All Bank Errors (+ & -) were reported to the bank, but had not been corrected at time of this audit.
- Note C The business of this Broker-Dealer in the year ending December 31, 2002 consisted exclusively of the distribution of shares of registered open-end investment companies and the sale of variable annuities, and thus was excluded from membership in the Securities Investor Protection Corporation ("SIPC").

NALICO EQUITY CORPORATION
Accountant's Report

The audited financial statement of the Company and my report thereon are presented in the preceding sections of this report. In accordance with the requirements of SEC Rule 17a-5, the following statements are added. The audit was made in accordance with generally accepted auditing standards. Such information has been subject to the auditing procedures applied in the examination of the basic financial statement and, in my opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. No material inadequacies were disclosed. No exceptions are noted.



Harley H. Hannsz

February 20, 2003

Date

Rechtenbach, Germany

Location

Changes in Financial Condition
01/01/01 Through 31/12/02 (in U.S. Dollars)

20/02/03

Page 1

Category Description	01/01/01- 31/12/01	01/01/02- 31/12/02	Amount Difference
INFLOWS			
Dealer Concessions	219,054.47	165,059.00	-53,995.47
12B-1 Fees	16,181.64	25.66	-16,155.98
TOTAL Dealer Concessions	235,236.11	165,084.66	-70,151.45
Div Income	222.91	61.09	-161.82
Other Income			
Application Fees	869.00	3,045.00	2,176.00
Bank Error (+)	0.00	807.94	807.94
CRD Reallocation	38.00	127.00	89.00
State Renewal Fees	0.00	440.00	440.00
TOTAL Other Income	907.00	4,419.94	3,512.94
FROM WOOD-HART PBM	0.00	128.73	128.73
FROM WRL PBM	136.02	154.75	18.73
TOTAL INFLOWS	236,502.04	169,849.17	-66,652.87
OUTFLOWS			
Business Expense			
Ads	1,099.00	1,409.40	-310.40
Bank Charge	0.97	735.60	-734.63
Corporate Fee	265.00	275.00	-10.00
Corporate Meeting	0.00	1,070.45	-1,070.45
Education	0.00	660.00	-660.00
Securities Conference	0.00	2,275.00	-2,275.00
Study Materials	707.38	543.60	163.78
TOTAL Education	707.38	3,478.60	-2,771.22
Executive Consultant's Office	39,000.00	33,000.00	6,000.00
Expense Reimbursement	0.00	76.25	-76.25
Meals & Entertn, Bus	0.00	606.35	-606.35
NALICO Home Office	2,000.00	11,000.00	-9,000.00
Office Supplies	697.50	319.31	378.19
Postage and Delivery	107.94	491.75	-383.81
Printing and Reproduction	41.04	42.46	-1.42
Service Charge	32.00	560.98	-528.98
Taxes			
Fed	0.00	368.00	-368.00
Franchise	172.60	110.00	62.60
TOTAL Taxes	172.60	478.00	-305.40
Travel, Business	3,465.21	0.00	3,465.21
Air Fare	0.00	3,190.09	-3,190.09
Car Rental	0.00	1,497.55	-1,497.55
Hotel	0.00	4,202.52	-4,202.52
TOTAL Travel, Business	3,465.21	8,890.16	-5,424.95
Utilities, Business			
Internet Line	0.00	130.00	-130.00
Telephone	40.88	2,665.57	-2,624.69
TOTAL Utilities, Business	40.88	2,795.57	-2,754.69
TOTAL Business Expense	47,629.52	65,229.88	-17,600.36
Commission	170,942.63	113,460.17	57,482.46
Override	6,296.11	7,779.24	-1,483.13
TOTAL Commission	177,238.74	121,239.41	55,999.33
License & Registration	25.00	312.00	-287.00
FBI Fingerprint Fee 1st Subm.	44.00	66.00	-22.00
GA Individual Reg. Fee	50.00	0.00	50.00
NASD Branch Registration Fee	75.00	0.00	75.00
NASD CE Tracked Fee S101	65.00	130.00	-65.00
NASD CE Tracked Fee S106	0.00	195.00	-195.00
NASD Disclosure Processing Fee	475.00	0.00	475.00
NASD Fingerprint 1st Subm.	20.00	30.00	-10.00
NASD Individual Reg. Fee	595.00	510.00	85.00
NASD Membership	4,935.00	600.00	4,335.00
NASD Termination Fee-Full U5	480.00	560.00	-80.00
NC Individual Registration Fee	55.00	55.00	0.00
Registration Of OSJ	150.00	0.00	150.00
S26 Exam	0.00	300.00	-300.00

Changes in Financial Condition
01/01/01 Through 31/12/02 (in U.S. Dollars)

20/02/03

Page 2

Category Description	01/01/01- 31/12/01	01/01/02- 31/12/02	Amount Difference
TX Individual Reg. Fee	470.00	470.00	0.00
TOTAL License & Registration	7,624.00	3,808.00	3,816.00
Other Exp			
Bank Error (-)	0.20	728.42	-728.22
TOTAL Other Exp	0.20	728.42	-728.22
TO Dealer Reserve	2,285.07	1,421.49	863.58
TOTAL OUTFLOWS	234,777.53	192,427.20	42,350.33
OVERALL TOTAL	1,724.51	22,578.03	-24,302.54