

Datamuse

Datamuse Corporation
37 Club Course Drive,
Hilton Head, SC 29928



January 1, 2003

To: Board of Directors

Subject: 2002 Financial Report

Attached is the 2002 Profit and Loss statement, the Balance Sheet as of December 31, 2002 and a comparison of 2002 vs. 2001. The company reported income of \$42,881.50 on revenue of \$71,594.90, increases of 75% and 97% respectively compared to 2001.

At the close of the year there were no payables, no receivables or loans, and the company had a cash balance of \$25,849.22. A partial profit distribution of \$20,000 was made on November 29, 2002 and the remaining \$22,881.50 2002 profit will be distributed in late February 2003.

During 2002 the company acquired Onelook.com for \$10,000. It is anticipated that this expenditure will be recouped in approximately 2 years given current traffic and ad rates. Also during 2002 the company acquired 2 powerful servers for \$3000. The foregoing expenditures were expensed fully during 2002.

K-1 Income tax reports will be issued in late February so that shareholders can include their proportionate amount of income on their tax returns.

If anyone has any questions or corrections, please let me know.

A handwritten signature in blue ink that reads "Harvey Beeferman".

Harvey Beeferman
Chief Financial Officer

Profit & Loss Statement

1/1/02 Through 12/31/02

Category Description	1/1/02- 12/31/02
INCOME	
300-Income:	
310-Royalty Income:	
311-Royalty Lycos	61,015.51
312-Royalty Circa Poetry	8,928.01
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TOTAL 310-Royalty Income	69,943.52
320-Advertising Revenue:	
322-Brand Fidelity	1,018.38
323-Onelook Ad Revenue	233.00
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TOTAL 320-Advertising Revenue	1,251.38
340-Server Income:	
341-Server Income	400.00
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TOTAL 340-Server Income	400.00
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TOTAL 300-Income	71,594.90
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TOTAL INCOME	71,594.90
EXPENSES	
700-EXPENSES:	
710-ADMINISTRATIVE EXPENSES:	
712-Postage & Mailing	9.10
715-Office Supplies	27.84
716-Dues & Publications	64.00
719-Meeting Expense	76.53
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TOTAL 710-ADMINISTRATIVE EXPENSES	177.47
730-OPERATING EXPENSES:	
731-Auto/Travel	4,100.74
733-Consulting Fees	788.24
734-Software	10,050.51
735-Computers/Supplies	4,819.71
736-Server Expenses	8,168.28
737-Advertising and Promotion	287.75
738-Taxes & Fees	126.20
739-Registrations	191.00
749-Other Operating Expenses	3.50
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TOTAL 730-OPERATING EXPENSES	28,535.93
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TOTAL 700-EXPENSES	28,713.40
Uncategorized Expenses	0.00
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TOTAL EXPENSES	28,713.40
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TOTAL INCOME - EXPENSES	42,881.50
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Balance Sheet

As of 12/31/02

Acct	12/31/02 Balance
ASSETS	
Cash and Bank Accounts	
101-Bank of America	25,849.22
TOTAL Cash and Bank Accounts	25,849.22
Other Assets	
100-ASSETS	0.00
TOTAL Other Assets	0.00
TOTAL ASSETS	25,849.22
LIABILITIES & EQUITY	
LIABILITIES	
Other Liabilities	
200-LIABILITIES	0.00
201-Accounts Payable	0.00
205-Loans Payable	0.00
210-Other Liabilities	0.00
TOTAL Other Liabilities	0.00
TOTAL LIABILITIES	0.00
EQUITY	25,849.22
TOTAL LIABILITIES & EQUITY	25,849.22

Profit & Loss Comparison

1/1/01 Through 12/31/02

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Category Description	1/1/01- 12/31/01	1/1/02- 12/31/02
INCOME		
300-Income:		
310-Royalty Income:		
311-Royalty Lycos	29,968.74	61,015.51
312-Royalty Circa Poetry	3,955.58	8,928.01
	<u>33,924.32</u>	<u>69,943.52</u>
TOTAL 310-Royalty Income		
320-Advertising Revenue:		
321-Who2	420.00	0.00
322-Brand Fidelity	1,890.00	1,018.38
323-Onelook Ad Revenue	0.00	233.00
320-Advertising Revenue-Other	68.57	0.00
	<u>2,378.57</u>	<u>1,251.38</u>
TOTAL 320-Advertising Revenue		
340-Server Income:		
341-Server Income	0.00	400.00
	<u>0.00</u>	<u>400.00</u>
TOTAL 340-Server Income		
	<u>36,302.89</u>	<u>71,594.90</u>
TOTAL 300-Income		
	<u>36,302.89</u>	<u>71,594.90</u>
TOTAL INCOME		
	<u>36,302.89</u>	<u>71,594.90</u>
EXPENSES		
700-EXPENSES:		
710-ADMINISTRATIVE EXPENSES:		
712-Postage & Mailing	0.00	9.10
715-Office Supplies	59.83	27.84
716-Dues & Publications	0.00	64.00
719-Meeting Expense	0.00	76.53
	<u>59.83</u>	<u>177.47</u>
TOTAL 710-ADMINISTRATIVE EXPENSES		
730-OPERATING EXPENSES:		
731-Auto/Travel	452.05	4,100.74
733-Consulting Fees	486.80	788.24
734-Software	0.00	10,050.51
735-Computers/Supplies	176.87	4,819.71
736-Server Expenses	8,634.36	8,168.28
737-Advertising and Promotion	1,298.53	287.75
738-Taxes & Fees	289.80	126.20
739-Registrations	460.92	191.00
749-Other Operating Expenses	3.90	3.50
	<u>11,803.23</u>	<u>28,535.93</u>
TOTAL 730-OPERATING EXPENSES		
	<u>11,863.06</u>	<u>28,713.40</u>
TOTAL 700-EXPENSES		
Uncategorized Expenses	0.00	0.00
	<u>11,863.06</u>	<u>28,713.40</u>
TOTAL EXPENSES		
	<u>11,863.06</u>	<u>28,713.40</u>
TOTAL INCOME - EXPENSES		
	<u>24,439.83</u>	<u>42,881.50</u>