

SAFE ID CORP  
Form 10KSB  
March 27, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 10-KSB**

(Mark One)

☒ Annual report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2001.

☐ Transition report under section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_.

**SAFE ID CORPORATION**

(formerly Inter.N Corporation)

(Name of small business in its charter)

|                                                |                          |                                      |
|------------------------------------------------|--------------------------|--------------------------------------|
| Nevada                                         | 0-29803                  | 88-0407078                           |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (IRS Employer Identification Number) |

Suite B3, 1700 Varsity Estates Drive

NW Calgary, Alberta

CANADA

(Address of principal executive offices)

T3B-2W9

(Zip Code)

Issuer's telephone number, including area code: (403) 247-4630

Securities to be registered under Section 12(b) of the Act:

Title of each class

N/A

Securities to be registered under Section 12(g) of the Act:

Common Stock, no par value

(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No \_\_\_\_

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. \_\_\_\_

State issuer's revenue for its most recent fiscal year: \$ 21,490.

State the aggregate market value of the voting stock held by non-affiliates computed by reference to the price at which the stock was sold, or the average bid and asked price of such stock, as of a specified date within the past 60 days (See definition of affiliate in Rule 12b-2): \$1,990,500, based upon bid price of \$0.51 per share.

Note: If determining whether a person is an affiliate will involve an unreasonable effort and expense, the issuer may calculate the aggregate market value of the common equity held by non-affiliates on the basis of reasonable assumptions, if the assumptions are stated.

(Issuers involved in bankruptcy proceedings during the past five years):

Check whether the issuer has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Exchange Act after the distribution of securities under a plan confirmed by a court. Yes \_\_\_\_ No \_\_\_\_

(Applicable only to corporate registrants) State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date: 22,584,000 as of December 30, 2001.

(Documents incorporated by reference. If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g. Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933 ("Securities Act"). The listed documents should be clearly described for identification purposes.

## PART I

### ITEM 1. DESCRIPTION OF BUSINESS.

#### INTRODUCTION

##### (A) HISTORICAL INFORMATION.

Safe ID Corporation, ("We," "Our," "Us") was duly organized on June 27, 1996 pursuant to the laws of the State of Nevada as Inter.N Corporation.

The Company affected a 2,000-for-1 stock split on October 12, 1999 and a 3-for-1 stock split on September 20, 2000. All share amounts included in the financial statements have been adjusted to reflect the effect of the stock splits.

On June 30, 1996, the Company issued 6,000,000 shares of common stock with a par value of \$0.001 each for administrative services valued at \$1,000.

On July 23, 1999, the Company issued 9,000,000 shares of common stock with a par value of \$0.001 each for intellectual property valued at \$7,500. Additional compensation of \$22,500 has been recorded to reflect the fair value of the common shares issued. Fair value has been determined as equal to the proceeds received in a subsequent private placement of an equal number of shares on September 1, 2000.

During August of 1999, Inter N. Corporation changed its name to Safe ID Corporation.

On September 1, 1999, 9,000,000 shares of common stock with a par value of \$0.001 each were issued for \$30,000 cash, less share issue costs of \$5,000 for net cash proceeds of \$25,000.

On January 26, 2001, the Company repurchased 1,416,000 shares of common stock at no cost and returned the shares into the Company's unissued common stock.

(B) SUMMARY OF SIGNIFICANT EVENTS FOLLOWING REORGANIZATIONS.

We have completed our 1934 Act Registration of our common stock, and have been accepted for quotation on the OTCBB, the Over the Counter Bulletin Board under the trading symbol MYID."

(C) RECENT EVENT.

On January 26, 2001, we repurchased 1,416,000 shares of common stock, at no cost, and returned the shares to treasury.

(D) OUR BUSINESS.

We are developing our business to become re-sellers of a product line of miniaturized micro-chip technology for insertion into inanimate objects, or, in appropriate contexts, the insertion under the skin of animals. The purpose of these devices is positive identification. The chip is the size of a grain of rice. It is programmable with unique codes with billions of

combinations possible. Positive identification of such things as cameras, bicycles, boats, cars, skis, paintings and expensive clothes such as fur coats is easily provided. The electronic product line includes a variety of radio frequency

micro-chips or "tags," portable readers, stationary readers and micro-chip injecting devices.

We have not commenced operations and have established no source of revenues. We will purchase chips and resell them. Once sales have been generated, we will recognize revenue at the time of delivery of the product to the customer.

**RADIO FREQUENCY IDENTIFICATION (RFID).** RFID technology identifies an object remotely through the use of radio frequencies and micro-chips and lasts indefinitely. Because RFID codes can be read without line-of-sight or physical contact, RFID technology provides a solution to certain difficult identification problems which bar code technology cannot address. The chips are passive, activated by the electromagnetic field of the scanner as it passes over the chip and temporarily energizes the chip, allowing it to transmit its data to the reader in milliseconds. Safe ID's readers (scanners) can read other manufacturer's micro-chips and have an error detection and encryption algorithm that reduces the probability of duplication or reading error to less than 1 in 10 billion. Management believes that no other manufacturers can guarantee this reliability in their chip and coding systems.

The total U.S. RFID market reportedly reached \$487.7 million in revenues in 1997, \$655 million in 1998, and sales are expected to reach \$1.6 billion in 2002.

**MICRO-CHIPS** are tiny, passive electronic devices, ranging in size from 12 to 28 millimeters in length and 2.1 to 3.5 millimeters in diameter. The smallest micro-chip is about the size of a grain of rice. The life expectancy of these micro-chips is greater than 75 years and over 100,000 reads.

**TAMPER-PROOF & UNIQUE ID NUMBER.** A computer-controlled process that ensures no duplication uniquely codes each micro-chip. This code cannot be altered. The micro-chips carry 96 bits of information including check bits, which allows 700 trillion non-reprogrammable unique ID combinations. Because of the random process, specific numbers or groups of numbers are not available. The micro-chips unique ID number cannot be changed and there are no moving parts. The micro-chip can be implanted into an object or animal. After implantation, the device remains with the object or animal for life, where it provides the unique ID number anytime it is scanned by a compatible electronic ID scanner. Once implanted, the micro-chip remains inactive until read with a scanner that sends a low radio frequency signal to the chip, providing the power needed by the micro-chip to send its unique code back to the scanner and positively identify the animal. The use of a Safe ID micro-chip allows the ID number to be stored permanently inside an object or animal, where it cannot be lost or altered. The micro-chip will last for the life of an animal with the unique ID number intact. In addition to the number, the micro-chip generates a reliability check to guarantee that the identifying number is read accurately. This all takes place in less than .04 seconds.

**EVERLASTING.** The power supply is passive in nature, requiring no batteries that wear out or run down. A radio signal from a reader or scanner is used to read the permanent identification number through the skin of an animal or on an object. The chips operate at 125 KHz and have an operating temperature range from -200C to 800C.

**SAFE, PERMANENT & POSITIVE.** The Safe ID "Canadian Standard" Micro-chip is a custom integrated circuit coil and capacitor (transponder) constructed of non-toxic components and hermetically sealed in biocompatible glass containing a programmed identification number. The whole device is as small as a grain of rice. The micro-chip is coupled with an antenna and sealed in an inert glass capsule that can be glued or inserted into an object. In the case of animate

identification, the chips are coated with Parylene-C, an anti-migratory coating that effects protein bonding with the host muscle of the animal. After implantation a small layer of connective tissue forms around the micro-chip, preventing migration.

**ANIMAL IDENTIFICATION.** We do not intend to compete with our principal supplier in the animal identification market. Avid of Canada is our supplier and manufacturer of the micro-chip that is the basis of the technology we will use for inanimate objects. It is about the size of a pencil lead and is therefore suitable for injection into virtually all animals. This includes parakeets and up to the size of a whale. Extensive testing, more than ten years, in a wide variety of animals has shown no adverse side effects to the health of the animal. We intend to focus on the use of this technology for identification of inanimate objects.

**EASY IMPLANTATION.** Implantation is no more difficult than a routine injection when performed by a Veterinarian. It takes less than a minute including preparation. Once implanted, the micro-chip requires no further attention during the animals' life.

**UNBIASED.** Most forms of identification require subjective interpretation by the observer color, brand, tattoo, markings, etc. The code generated by the micro-chip is read by the scanner and is not subject to interpretation. Consequently, error is eliminated.

**DOWNLOAD SYSTEMS.** Safe ID systems are battery powered with optional AC adapters. They feature several download capabilities with PC or Macintosh systems. Emulation software packages are available to interface with MS DOS and Windows programs.

(E) PRINCIPAL PRODUCTS OR SERVICES AND THEIR MARKETS.

The products which we sell have been market tested, sold and market-proven in Canada for over 10 years, by Avid of Canada for identification of animals. The market targeted is a specific niche market for identification of inanimate objects. Product warranties are set by the manufacturer.

**SAFE ID MINI TRACKER.** The Mini-Tracker is the most compact reader available; it is small enough to carry in a pocket and is compatible with all popular brands of micro-chips. The reader generates a 125KHz frequency signal and the returning data from the chip is stored on its 16 character Liquid Crystal Display (LCD). During operation, the reader emits two beep tones to signal that a compatible micro-chip has been energized and four beep tones sound every three minutes to remind the user to turn the reader off when not in use. The Mini-Tracker can be optionally equipped with an RS232 pigtail for downloading data to a PC or Macintosh computer. Standard power is provided by one nine-volt alkaline battery and battery capacity exceeds 6000 reads.

**SOFTWARE.** Safe ID intends to provide and offer a Microsoft Access based database to store and track valuables by recording their micro-chip ID numbers. This software was developed by Avid of Canada. We will be a licensee of the software, with the ability to customize the software to accommodate our clientele. The customization intended would be to modify the records and fields to address inanimate objects rather than animals, as well as their own unique information including such data as: object name or title; object category; object description; object manufacturer or maker, painter, designer; year object was made; name of current owner (including details such as address, telephone, fax and e-mail); Name of last owner; Alternate contact person; Record of sale of object (i.e. A sale at auction); and other pertinent information specific to each sector/industry.

**SYSTEM SPECIFICATIONS.** Pentium PC with minimum 8 Meg RAM, SVGA Color Monitor, Minimum 40 Meg free Hard Drive Space (plus room for data), and Mouse. Runs under Windows '95. Routine software. For remote, dial-in capabilities require high-speed modem, minimum 28,800. Windows 95 must be configured for remote dial, prior to shipping.

**COMPUTER ASSISTANCE.** Safe ID will design a specialized reporting system for each specific industry. Safe ID can download data using a modem or copy information onto a disk to integrate with customer's system. Should each specific industry not have a computer system for the tracking of each animal, Safe ID has the capabilities of assisting in designing one.



REPORTING UNDER THE 1934 ACT. Our 1934 Act Registration of the common stock of this Registrant became effective following our voluntary filing of a registration statement on Form 10 under the Exchange Act of 1934. As a result of the legal effectiveness of this Registration Statement, certain reporting requirements now apply. First and foremost, we are required to file an Annual Report on Form 10-K or 10-KSB, 90 days following the end of our fiscal year. The key element of such annual filing is Audited Financial Statements prepared in accordance with standards established by the Commission. A 1934 Act Registrant also reports on the share ownership of affiliates and 5% owners, initially, currently and annually. In addition to the annual reporting, we are required to file quarterly reports on Form 10-Q or 10-QSB, containing audited or un-audited financial statements, and reporting other material events. Some events are deemed material enough to require the filing of a Current Report on Form 8-K. Any events may be reported currently, but some events, like changes or disagreements with auditors, resignation of directors, major acquisitions and other changes require aggressive current reporting. All reports are filed and become public information.

(F) OTHER TOPICS.

(1) DISTRIBUTION METHODS OF THE PRODUCTS OR SERVICES.

We will use the Internet as our vehicle for selling. Direct sales and appointments will be made from the Internet. Our web-site is [www.mysafeid.com](http://www.mysafeid.com). It is operational, but we have not launched operations. The Internet will automatically give us access to the world-wide market. We will ship via Express Post and Federal Express. We need to establish dynamic links to our site from hotels, airlines, travel agencies and other manufacturers, in order to generate major market business.

(2) STATUS OF ANY PUBLICLY ANNOUNCED NEW PRODUCT OR SERVICE.

None.

(3) COMPETITIVE BUSINESS CONDITIONS AND THE SMALL BUSINESS ISSUER'S COMPETITIVE POSITION IN THE INDUSTRY.

The following companies use the micro-chip technology and have a specific niche in the marketplace for animal identification: Avid Canada, Anitech, Trovan, Destron Fearing. Avid Canada, in Calgary, has supplied the following statistics, which we believe to be accurate. Avid has about 35% of the animal marketplace in Canada, Anitech has about 55%, and Trovan has 10%. We will be a new entrant into this established market and will begin at a competitive disadvantage, potentially; however, we will not compete in the established animal identification market, but will exploit the potential for identification of inanimate objects.

#### (4) SOURCES OF AND AVAILABILITY OF RAW MATERIALS AND THE NAMES OF PRINCIPAL SUPPLIERS.

Avid of Canada is the manufacturer and supplier of the micro-chip technologies that we will use. We have established an excellent working relationship with Avid. No written agreements have yet been formalized. Avid sells its chips to anyone. No special agreement is necessary to purchase chips from Avid. In addition, there are other suppliers of similar chips in Hong Kong and Thailand. We note that we intend to become a customer of Avid in the future by obtaining a licensing agreement with Avid. While it is true that Avid will sell chips to anyone, the advantage of a license agreement is two-fold: (1) Avid has obtained various Canadian Governmental approvals for various uses of its chips. A license agreement is expected to authorize Safe ID to represent that it uses Avid chips and that those chips carry the approvals of the Canadian Governmental agencies. (2) A licensing agreement is expected to confer benefits in preferential pricing and supply for purchases in quantity. Second, the licensing agreement would move from a general discussion stage to an agreement stage, when and if Safe ID has secured clearance of its 1934 Act Registration, acceptance for quotation on the OTCBB, and consequently completed its intended private placement; so that, the agreement can be consummated with a substantial cash deposit.

We intend to obtain a license to distribute our line of intended products using Avid's micro-chips. Although there is a limited number of manufacturers of these particular micro-chips, we believe that other suppliers could provide us similar chips on comparable terms if an agreement with Avid were not reached. A change in suppliers, however, could cause a delay in commencing operations and a possible loss of sales, which would affect operating results adversely.

#### (5) DEPENDENCE ON ONE OR A FEW MAJOR CUSTOMERS.

We are a new company, entering into a competitive field. We do not have an established customer base yet.

(6) PATENTS, TRADEMARKS, LICENSES, FRANCHISES, CONCESSIONS, ROYALTY AGREEMENTS OR LABOR CONTRACTS.

None. All rights belong to Avid of Canada. We expect to be its licensee.

(7) NEED FOR ANY GOVERNMENT APPROVAL OF PRINCIPAL PRODUCTS OR SERVICES AND STATUS.

Not Applicable. Avid of Canada has already established all necessary approvals for the products we will sell and proven their safety with respect to animals. We foresee no issues with respect to our intent to use the systems for identifying inanimate objects.

(8) EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS ON THE BUSINESS.

Not Applicable. However, this issuer would expect to maintain its corporate status with the State of its incorporation, and would file its tax returns and reports required to be filed with the Commission. This issuer wishes to report and provide disclosure voluntarily, and will file periodic reports in the event that its obligation to file such reports is suspended under the

Exchange Act. In connection with the continuing approval of our shares for trading on the OTCBB, this Registrant would expect to comply with NASD regulations, to the extent that any such regulations are applicable to the conduct of the Registrant's affairs.

(9) ESTIMATE OF AMOUNT SPENT ON RESEARCH AND DEVELOPMENT IN EACH OF LAST TWO YEARS.

We do not conduct research and development of the products we will re-sell, or of new products which we may, at some future time, re-sell. Our principal supplier is Avid Canada. Research and development is conducted by those

who supply us with products we will re-sell.

(10) COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS.

Not Applicable.

(11) NUMBER OF TOTAL EMPLOYEES AND FULL-TIME EMPLOYEES.

We have two full-time employees: Maurizio Forigo and Lance Morginn, who are our officers and directors.

(G) FINANCING PLANS.

For more information, please see Item 6 of Part II, Management's Discussion and Analysis.

(H) PLANNED ACQUISITIONS.

In November 2001, we signed a Letter of Intent relating to the completion of a business combination transaction with Heritage Ventures, Ltd., ("HVL") an Alberta corporation. HVL, through its subsidiary, Avid Canada, is a leading Canadian supplier of microchips for identification of both live animals and inanimate objects. HVL has been in business since 1988.

Under the terms of the Letter of Intent, the parties are to work towards finalizing a definitive agreement. The transaction is anticipated to be structured primarily as a share exchange in which the Company will acquire all of the issued and outstanding stock of Avid Canada and 829726 Alberta, Ltd. (HVL's operating subsidiaries) in exchange for

the issuance of shares of its common stock. On completion, the stockholders of HVL will assume a control position in Safe ID. To date, no definitive agreement has been reached.

(I) EMPLOYEES.

We have no employees other than our officers and directors.

ITEM 2. DESCRIPTION OF PROPERTY.

We have one rented executive office in Calgary Alberta, Canada.

ITEM 3. LEGAL PROCEEDINGS.

There are no legal proceedings pending, threatened or suspected, by or against us, as of the preparation of this Report.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(A) MARKET INFORMATION.

We have one class of securities, Common Voting Equity Shares ("Common Stock"). Our securities may be quoted in the over-the-counter market under the trading symbol "MYID." However, there is a sporadic and potentially volatile trading market for them. Quotations for, and transactions in the securities, and transactions are capable of rapid fluctuations, resulting from the influence of supply and demand on relatively thin volume. There may be buyers at a time when there are no sellers, and sellers when there are no buyers, resulting in significant variations of bid and ask quotations by market-making dealers, attempting to adjust changes in demand and supply. A young market is also particularly vulnerable to short selling, sell orders by persons owning no shares of stock, but intending to drive down the market price so as to purchase the shares to be delivered at a price below the price at which the shares were sold short. The trading in our common stock began in January 2001.

(B) HOLDERS.

Management calculates that the approximate number of holders of our Common Stock, as of December 31, 2001, was 34 shareholders.

(C) DIVIDENDS.

We have not paid any cash dividends on our Common Stock, and do not anticipate paying cash dividends on our Common Stock in the next year. We anticipate that any income generated in the foreseeable future will be retained for the development and expansion of our business. Future dividend policy is subject to the discretion of the Board of Directors and will depend upon a number of factors, including future earnings, debt service, capital requirements, business conditions, of our financial condition and other factors that the Board of Directors may deem relevant.

(D) SALES OF UNREGISTERED COMMON STOCK 2001.

None.

## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

### SPECIAL NOTE OF CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this report, including statements in the following discussion which are not statements of historical fact, are what are known as "forward looking statements," which are basically statements about the future. For that reason, these statements involve risk and uncertainty since no one can accurately predict the future. Words such as "plans," "intends," "will," "hopes," "seeks," "anticipates," "expects" and the like often identify such forward looking statements, but are not the only indication that a statement is a forward-looking statement. Such forward looking statements include statements concerning our plans and objectives with respect to the present and future operations of the Company, and statements which express or imply that such present and future operations will or may produce revenues, income or profits. Numerous factors and future events could cause the Company to change such plans and objectives or fail to successfully implement such plans or achieve such objectives, or cause such present and future operations to fail to produce revenues, income or profits. Therefore, the reader is advised that the following discussion should be considered in light of the discussion of risks and other factors contained in this report on Form 10KSB and in the Company's other filings with the Securities and Exchange Commission. No statements contained in the following discussion should be construed as a guarantee or assurance of future performance or future results.

#### (A) PLAN OF OPERATION FOR THE NEXT TWELVE MONTHS.

##### (1) CASH REQUIREMENTS AND OF NEED FOR ADDITIONAL FUNDS, TWELVE MONTHS.

We estimate that we will require about \$250,000 in the next twelve months to meet overhead (rent, salaries, and operational expenses) and also expenses connected with marketing (cost of goods sold, buying chips, mainly,) and

also general working capital. We will require about \$50,000 to launch and establish our dynamic link relationships with major markets, and to produce and circulate brochures and initial advertising announcements. The term "dynamic link" refers to the common commercial practice by which one web site features a direct link to another web site. We will require about \$200,000 in initial working capital to insure liquidity for the first twelve months following our launch. These necessary funds must be raised by offering additional shares of stock in one or a combination of the following: a public offering pursuant to the Securities Act of 1933; and/or, one or more private placement of restricted securities. We have not determined yet, what plan or plans of capital formation we will pursue. The principal purpose of our 1934 Act Registration was to secure and sustain the quotation of our common stock on the OTCBB. This we have achieved. The ability of investors to secure price quotations of our common stock is expected to enhance our ability for capital formation.

We are proceeding with our planned private placement. We would expect to allow three months for the completion and clearance of funds. At that time we will purchase inventory and expect to begin making sales and recording revenues immediately. The basis for our expectation of immediate revenue generation is based upon our management's existing relationships and informal contacts with potential customers. If we are unsuccessful in securing investment in our private placement, we may not be able to continue as a going concern. It is apparent that our cash on hand is insufficient for any material purpose. We do not have any current operations other than our focus on our private placement and on our regulatory compliance. Accordingly, expenses incurred in connection with this Registration which exceed our available cash on hand must be and will be advanced by management.

We do not anticipate any contingency upon which we would voluntarily cease filing reports with the SEC, even though we might cease to be required to do so. It is in our compelling interest to report corporate affairs quarterly, annually and currently, as the case may be, generally to provide accessible public information to interested parties, and also specifically to maintain our qualification for the OTCBB, if and when the Issuer's intended application for submission may be effective.

## (2) SUMMARY OF PRODUCT RESEARCH AND DEVELOPMENT.

We do not have any new products in development. We do not develop new products. We may re-sell products developed by others in the future, when and if they are demonstrated to be marketable and properly warranted by their manufacturers.

## (3) EXPECTED PURCHASE OR SALE OF PLANT AND SIGNIFICANT EQUIPMENT.



None.

(4) EXPECTED SIGNIFICANT CHANGE IN THE NUMBER OF EMPLOYEES.

We have no firm expectations. We hope to grow. Growth would be accompanied by additional employees.

(B) DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We are a development stage company, as defined in Statement 7 of the Financial Accounting Standards Board. Our financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that we will realize our assets and discharge our liabilities in the normal course of operations. Of course, our ability to do this is dependent upon our ability to raise additional financing and to generate revenues. Our plan is to raise funds, as we have described above, supplemented by our planned principal operations, beginning this year, 2001.

(1) FINANCIAL CONDITION.

Balance Sheet - Selected Information

|                               |           |           |
|-------------------------------|-----------|-----------|
|                               | 37255     | 36890     |
| Cash:                         | \$ 7,966  | \$ 844    |
| Prepaid Expenses:             | 0         | 5,600     |
| Current Assets:               | 7,966     | 844       |
| Total Assets                  | \$ 28,847 | 844       |
| Accounts Payable:             | 39,954    | 39,939    |
| Shareholders (Note 6):        | 65,489    | 7,333     |
| Total Liabilities:            | 105,443   | 47,272    |
| Common Stock:                 | 22,584    | 24,000    |
| Paid-in Capital:              | 33,416    | 32,000    |
| Accumulated Deficit:          | (131,855) | (102,428) |
| Total Equity                  | (46,428)  | 2,789     |
| Total Liabilities and Equity: | \$28,847  | 844       |

(NOTE 6) These are amounts representing advances from directors and shareholders, without interest provision or stated terms of payment.

## (2) RESULTS OF OPERATIONS.

We had no revenues or significant liabilities in 1999. In 1998, we initial selling and administrative expenses which were funded by loans from shareholders. These loans remain on the books as of the end of 2001. We had no revenues in 2000. We incurred \$49,217 in expenses that year. Those expenses are detailed in our financial statements. We had an insignificant amount of cash and other assets as of the close of that fiscal year. We had extraordinary and non-recurring professional fees in 2000.

| Selected<br>Information             | For the years ended December 31 |             | Inception to<br>12/31/2001 |                  |
|-------------------------------------|---------------------------------|-------------|----------------------------|------------------|
|                                     | 2001                            | 2000        | 1999                       | 2001             |
| Revenues:                           | <u>\$ 21,490</u>                | <u>\$ 0</u> |                            | <u>\$ 21,490</u> |
| Gross Profit:                       | 4935                            | 0           | 4935                       |                  |
| Professional Fees:                  | 23,824                          | 42,735      | 6,900                      | 49,635           |
| Rent:                               | 2,940                           | 2,981       | 1,671                      | 7,562            |
| Selling and Administrative:         |                                 |             |                            |                  |
|                                     | 3,148                           | 2370        | 2,385                      | 9,253            |
| Consulting:                         | 3,606                           | 988         | 35,866                     | 40,460           |
| Bank Charges:                       | 191                             | 143         | 63                         | 397              |
| Travel:                             | 653                             | 0           | 4976                       | 5629             |
| Total Expenses:                     | 34,362                          | 49,217      | 51,861                     | 136,790          |
| Net (Loss):                         | \$ (29,427)                     | \$ (49,217) | \$ (51,861)                | \$ (131,855)     |
| Net Loss per share:                 | \$ (0.0013)                     | \$ (0.0021) | \$ (0.0045)                |                  |
| Weighted Average Shares Outstanding |                                 |             |                            |                  |
|                                     | 22,684,866                      | 24,000,000  | 11,515,068                 |                  |

## ITEM 7. FINANCIAL STATEMENTS.

See the following pages.

**SAFE ID CORPORATION**

**(A Development Stage Company)**

**Financial Statements**

**December 31, 2001 and 2000**

**(U.S. Dollars)**

**INDEX**

Report of Independent Chartered Accountants

Financial Statements

Balance Sheets

Statements of Operations

Statements of Stockholders' Equity (Deficiency)

Statements of Cash Flows

Notes to Financial Statements

REPORT OF INDEPENDENT CHARTERED ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF SAFE ID CORPORATION

We have audited the accompanying balance sheets of Safe ID Corporation (A Development Stage Company) as at December 31, 2001 and 2000 and the related statements of operations, stockholders' equity (deficiency) and cash flows for each of the years in the 3 year period ended December 31, 2001 and the cumulative totals for the development stage of operations from June 27, 1996 (inception) through December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Safe ID Corporation from June 27, 1996 (inception) through October 31, 1998 were audited by other auditors whose report dated November 13, 1998, expressed an unqualified opinion on those statements. Our opinion insofar as it relates to the cumulative totals for development stage operations from June 27, 1996 (inception) through October 31, 1998, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended, and the cumulative totals for the development stage of operations from June 27, 1996 (inception) through December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to the cumulative totals for development stage operations from June 27, 1996 (inception) through October 31, 1998, is based solely on the report of the other auditors.

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The accompanying financial statements have been prepared assuming the Company will continue as a going-concern. As discussed in note 2 to the financial statements, the Company has minimal capital resources presently available to meet obligations which normally can be expected to be incurred by similar companies and has a large accumulated deficit. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in notes 2 and 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Chartered Accountants

Vancouver, Canada

February 12, 2002

**SAFE ID CORPORATION**

**(A Development Stage Company)**

**Balance Sheets**

**December 31**

**(U.S. Dollars)**

|                          | <b>2001</b>     | <b>2000</b>  |
|--------------------------|-----------------|--------------|
| <b>Assets</b>            |                 |              |
| <b>Current</b>           |                 |              |
| Cash                     | \$7,966         | \$844        |
| Note receivable (note 5) | 20,881          | 0            |
| <b>Total Assets</b>      | <b>\$28,847</b> | <b>\$844</b> |
| <b>Liabilities</b>       |                 |              |

**Current**

|                                                                                                                                                |           |           |
|------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------|
| Accounts payable                                                                                                                               | \$39,954  | \$39,939  |
| <b>Due to Shareholders</b> (note 6)                                                                                                            | 65,489    | 7333      |
| <b>Total Liabilities</b>                                                                                                                       | 105,443   | 47,272    |
| <b>Stockholders' Equity (Deficiency)</b>                                                                                                       |           |           |
| <b>Common Stock</b> , 25,000,000 shares authorized, par value of \$0.001 each,<br>22,584,000 (2000 - 24,000,000) shares issued and outstanding | 22,584    | 24,000    |
| <b>Additional Paid-in Capital</b>                                                                                                              | 33,416    | 32,000    |
| <b>Deficit Accumulated During the Development Stage</b>                                                                                        | (131,855) | (102,428) |
| <b>Accumulated Other Comprehensive Loss</b>                                                                                                    | (741)     | 0         |
| <b>Total Stockholders' Equity (Deficiency)</b>                                                                                                 | (76,596)  | (46,428)  |
| <b>Total Liabilities and Stockholders' Equity (Deficiency)</b>                                                                                 | \$28,847  | \$844     |

**SAFE ID CORPORATION**

(A Development Stage Company)

**Statements of Operations****Years Ended December 31, 2001, 2000, 1999 and from June 27, 1996 (Inception) to December 31, 2001**

(U.S. Dollars)

|                            |          |        |        | June 27, 1996<br>(Inception) to<br>December 31,<br>2001 |
|----------------------------|----------|--------|--------|---------------------------------------------------------|
|                            | 2001     | 2000   | 1999   | 2001                                                    |
| <b>Revenue</b>             | \$21,490 | \$0    | \$0    | \$21,490                                                |
| <b>Cost of Sales</b>       | 16,555   | 0      | 0      | 16,555                                                  |
| <b>Gross Profit</b>        | 4935     | 0      | 0      | 4935                                                    |
| <b>Expenses</b>            |          |        |        |                                                         |
| Professional fees          | 23,824   | 42,735 | 6,900  | 73,459                                                  |
| Selling and administrative | 3,148    | 2,370  | 2,385  | 9,253                                                   |
| Consulting                 | 3,606    | 988    | 35,866 | 40,460                                                  |
| Rent                       | 2,940    | 2,981  | 1,671  | 7,592                                                   |

|                                                      |                    |                    |                    |                    |
|------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Travel                                               | 653                | 0                  | 4,976              | 5,629              |
| Bank charges                                         | 191                | 143                | 63                 | 397                |
|                                                      | \$34,362           | \$49,217           | \$51,861           | \$136,790          |
| <b>Net Loss for Period</b>                           | <b>\$(29,427)</b>  | <b>\$(49,217)</b>  | <b>\$(51,861)</b>  | <b>\$(131,855)</b> |
| <b>Net Loss Per Share</b>                            | <b>\$ (0.0013)</b> | <b>\$ (0.0021)</b> | <b>\$ (0.0045)</b> |                    |
| <b>Weighted Average Number of Shares Outstanding</b> | <b>22,684,866</b>  | <b>24,000,000</b>  | <b>11,515,068</b>  |                    |

**SAFE ID CORPORATION****(A Development Stage Company)****Statements of Stockholders' Equity (Deficiency)****Years Ended December 31, 2001, 2000, 1999 and from June 27, 1996 (Inception) to December 31, 2001****(U.S. Dollars)**

|                                                                                     | Common<br>Stock<br>Number | Common<br>Stock<br>Amount | Additional<br>Paid-in<br>Capital | Other<br>Comprehensive<br>Loss | Deficit<br>Accumulated<br>During the<br>Development<br>Stage | Total<br>Stockholders'<br>Equity |
|-------------------------------------------------------------------------------------|---------------------------|---------------------------|----------------------------------|--------------------------------|--------------------------------------------------------------|----------------------------------|
| Balance, June 27, 1996                                                              | 0                         | \$0                       | \$0                              | \$0                            | \$0                                                          | \$0                              |
| <b>Common Stock Issued for<br/>Net Loss, June 27, 1996<br/>to December 31, 1996</b> | 6,000,000                 | 6,000                     | (5,000)                          | 0                              | 0                                                            | 1,000                            |
|                                                                                     | 0                         | 0                         | 0                                | 0                              | (1,000)                                                      | (1,000)                          |
| Balance, December 31, 1996                                                          | 6,000,000                 | 6,000                     | (5,000)                          | 0                              | (1,000)                                                      | 0                                |
| <b>Net Loss, Year Ended<br/>December 31, 1997</b>                                   | 0                         | 0                         | 0                                | 0                              | 0                                                            | 0                                |
| Balance, December 31, 1997                                                          | 6,000,000                 | 6,000                     | (5,000)                          | 0                              | (1,000)                                                      | 0                                |
| <b>Net Loss, Year Ended<br/>December 31, 1998</b>                                   | 0                         | 0                         | 0                                | 0                              | (350)                                                        | -350                             |
| Balance, December 31, 1998                                                          | 6,000,000                 | 6,000                     | (5,000)                          | 0                              | (1,350)                                                      | (350)                            |
| <b>Common Stock Issued<br/>For services (note 8c)</b>                               | 9,000,000                 | 9,000                     | 21,000                           | 0                              | 0                                                            | 30,000                           |

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|                                     |             |          |          |         |             |            |
|-------------------------------------|-------------|----------|----------|---------|-------------|------------|
| For cash (note 8d)                  | 9,000,000   | 9,000    | 21,000   | 0       | 0           | 30,000     |
| <b>Net Loss, Year Ended</b>         |             |          |          |         |             |            |
| <b>December 31, 1999</b>            | 0           | 0        | 0        | 0       | (51,861)    | (51,861)   |
| <b>Share Issue Costs</b>            | 0           | 0        | (5,000)  | 0       | 0           | (5,000)    |
| Balance, December 31, 1999          | 24,000,000  | 24,000   | 32,000   | 0       | (53,211)    | 2,789      |
| <b>Net Loss, Year Ended</b>         |             |          |          |         |             |            |
| <b>December 31, 2000</b>            | 0           | 0        | 0        | 0       | (49,217)    | (49,217)   |
| Balance, December 31, 2000          | 24,000,000  | 24,000   | 32,000   | 0       | (102,428)   | -46428     |
| <b>Common Stock Repurchases</b>     |             |          |          |         |             |            |
| (note 8(e))                         | (1,416,000) | (1,416)  | 1,416    | 0       | 0           | 0          |
| <b>Foreign Currency Translation</b> | 0           | 0        | 0        | (741)   | 0           | (741)      |
| <b>Net Loss, Year Ended</b>         |             |          |          |         |             |            |
| <b>December 31, 2001</b>            | 0           | 0        | 0        | 0       | (29,427)    | (29,427)   |
| Balance, December 31, 2001          | 22,584,000  | \$22,584 | \$33,416 | \$(741) | \$(131,855) | \$(76,596) |

**SAFE ID CORPORATION**

**(A Development Stage Company)**

**Statements of Cash Flows**

**Years Ended December 31, 2001, 2000, 1999 and from June 27, 1996 (Inception) to December 31, 2001**

**(U.S. Dollars)**

|                                                                                 | <b>Period From<br/>June 27,1996<br/>(Inception) to<br/>December 31,</b> |             |             |             |
|---------------------------------------------------------------------------------|-------------------------------------------------------------------------|-------------|-------------|-------------|
|                                                                                 | <b>2001</b>                                                             | <b>2000</b> | <b>1999</b> | <b>2001</b> |
| <b>Operating Activities</b>                                                     |                                                                         |             |             |             |
| Net loss                                                                        | \$(29,427)                                                              | \$(49,217)  | \$(51,861)  | \$(131,855) |
| Adjustment to reconcile net loss<br>to net cash used by operating<br>activities |                                                                         |             |             |             |
| Issuance of common stock for payment                                            |                                                                         |             |             |             |



|                                                          |          |         |          |          |
|----------------------------------------------------------|----------|---------|----------|----------|
| of services                                              | 0        | 0       | 30,000   | 31,000   |
| <b>Changes in Non-Cash Working Capital</b>               |          |         |          |          |
| Prepaid expense                                          | 0        | 5,600   | (5,600)  | 0        |
| Accounts payable                                         | 15       | 34,700  | 5,239    | 39,954   |
| <b>Cash Used in Operating Activities</b>                 | (29,412) | (8,917) | (22,222) | (60,901) |
| <b>Investing Activity</b>                                |          |         |          |          |
| Loan receivable advance                                  | (20,881) | 0       | 0        | (20,881) |
| <b>Financing Activities</b>                              |          |         |          |          |
| Issuance of common stock                                 | 0        | 0       | 25,000   | 25,000   |
| Advances from shareholders                               | 58,156   | 6,983   | 0        | 65,489   |
| <b>Cash Provided by Financing Activities</b>             | 58,156   | 6,983   | 25,000   | 90,489   |
| <b>Effect of Foreign Currency Translation on</b>         | (741)    | 0       | 0        | (741)    |
| <b>Cash Inflow (Outflow)</b>                             | 7,122    | (1,934) | 2,778    | 7,966    |
| <b>Cash, Beginning of Period</b>                         | 844      | 2,778   | 0        | 0        |
| <b>Cash, End of Period</b>                               | \$7,966  | \$844   | \$2,778  | \$7,966  |
| <b>Supplemental Disclosure for Non-Cash Transactions</b> |          |         |          |          |
| Issuance of common stock for payment of                  |          |         |          |          |
| Services                                                 | \$0      | \$0     | \$30,000 | \$31,000 |

**SAFE ID CORPORATION**

(A Development Stage Company)

**Notes to Financial Statements****Years Ended December 31, 2001, 2000, 1999 and from June 27, 1996 (Inception) to December 31, 2001****(U.S. Dollars)****1. ORGANIZATION OF COMPANY**

The Company was incorporated on June 27, 1996 under the laws of the State of Nevada as Inter N. Corporation. The Company changed its name to Safe ID Corporation on September 20, 2000. The Company is in the development stage as more fully defined in Statement No. 7 of the Financial Accounting Standards Board. The Company's head office is located in Calgary, Canada.

## **2. GOING CONCERN**

These financial statements have been prepared by management in accordance with accounting principles generally accepted in the United States of America on a going concern basis. This presumes funds will be available to finance on-going development, operations and capital expenditures and the realization of assets and the payment of liabilities in the normal course of operations for the foreseeable future.

The Company has minimal capital resources presently available to meet obligations which normally can be expected to be incurred by similar companies and has an accumulated deficit during the development stage of \$131,855 (2000 - \$102,428). These factors raise substantial doubt about the Company's ability to continue as a going concern which is dependent on its ability to obtain and maintain an appropriate level of financing on a timely basis and to achieve sufficient cash flows to cover obligations and expenses. The outcome of these matters cannot be predicted. These financial statements do not give effect to any adjustments to the amounts and classification of assets and liabilities which might be necessary should the Company be unable to continue its operations as a going concern.

## **3. UNCERTAINTY**

The Company intends to obtain the license to distribute a line of miniaturized micro-chips, used in the identification of inanimate objects, and is currently in negotiations to obtain this license from an established supplier in Canada. Although there are a limited number of manufacturers of these particular micro-chips, management believes that other suppliers could provide similar micro-chips on comparable terms if an agreement can not be reached in the current negotiations. A change in suppliers, however, could cause a delay in commencing operations and a possible loss of sales, which would affect operating results adversely.

## **4. SIGNIFICANT ACCOUNTING POLICIES**

(a) Loss per share

Loss per share computations are based on the weighted average number of common shares outstanding during the year.

(b) Shares issued in exchange for services

The valuation of the common shares issued in exchange for services is valued at an estimated fair market value as determined by officers and directors of the Company based upon other sales and issuances of the Company's common shares within the same general time period.

(c) Revenue recognition

The Company recognizes revenues at the time of delivery of the product to the customers.

(d) Foreign currency translation

Amounts recorded in foreign currency are translated into United States dollars as follows:

(i) Monetary assets and liabilities are translated at a rate of exchange in effect at the balance sheet date; and,

(ii) Revenues and expenses, at the average rate of exchange for the year.

Gains and losses arising from this translation of foreign currency are excluded from net loss for the period and accumulated as a separate component of shareholders' equity (deficiency).

(e) Financial instruments

The Company's financial instruments include cash, note receivable, accounts payable and amounts due to shareholders. It is management's opinion that the Company is not exposed to significant interest, currency or credit risk associated with these financial instruments. The carrying values approximate the fair values of these financial instruments.

(f) Use of estimates

The preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as disclosures of contingent assets and liabilities. Because of inherent uncertainties in this process, actual future results could differ from those expected at the reporting date and would impact future results of operations and cash flows. Management believes the estimates are reasonable.

## **5. NOTE RECEIVABLE**

The 8% note receivable is due June 17, 2002 when the loan plus interest will be paid in full.

## **6. DUE TO SHAREHOLDERS**

Amounts due to shareholders represent advances from directors and shareholders of the Company. These amounts are without interest or stated terms of repayment.

## **7. RELATED PARTY TRANSACTIONS**

During 2001, the Company paid consulting fees of \$3,606 (2000 - \$988) and rent of \$2,940 (2000 - \$2,981) to directors or Companies with a common director.

## **8. EQUITY TRANSACTIONS**

(a) The Company affected a 2,000-for-1 stock split on October 12, 1999 and a 3-for-1 stock split on September 20, 2000. All share amounts included in these financial statements have been adjusted to reflect the effect of the stock splits.

(b) On June 30, 1996, the Company issued 6,000,000 shares of common stock with a par value of \$0.001 each for administrative services valued at \$1,000.

(c) On July 23, 1999, the Company issued 9,000,000 shares of common stock with a par value of \$0.001 each for intellectual property valued at \$7,500. Additional compensation of \$22,500 has been recorded to reflect the fair value of the common shares issued. Fair value has been determined as equal to the proceeds received in a subsequent private placement of an equal number of shares on September 1, 2000.

(d) On September 1, 1999, 9,000,000 shares of common stock with a par value of \$0.001 each were issued for \$30,000 cash, less share issue costs of \$5,000 for net cash proceeds of \$25,000.

(e) On January 26, 2001, the Company repurchased 1,416,000 shares of common stock at no cost and returned the shares into the Company's unissued common stock.

## 9. INCOME TAXES

A provision for income taxes for the years ended December 31, 2001, 2000, 1999, and 1997 has not been recognized as the Company had operating losses for both tax and financial reporting purposes. Due to the uncertainty surrounding the timing of realizing the benefits of its favourable tax attributes in future tax returns, the Company has recorded a full valuation allowance against its net future tax asset.

The Company has operating losses which may be carried forward to apply against future years' income for U.S. income tax purposes. The tax effect has not been recorded in the financial statements. These expire as follows:

| Available to | Amount   |
|--------------|----------|
| 2016         | \$1,000  |
| 2018         | 350      |
| 2019         | 51,650   |
| 2020         | 49,000   |
| 2021         | 29,400   |
|              | \$131,40 |

## 10. COMPREHENSIVE LOSS

|                          | Year Ended<br>December 31,<br>2001 | Year Ended<br>December 31,<br>2000 | Year Ended<br>December 31,<br>1999 | Period from<br>June 27,<br>(Inception)<br>December |
|--------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------------------------|
| Net loss                 | \$(29,427)                         | \$(49,217)                         | \$(51,861)                         | \$(131,855)                                        |
| Other comprehensive loss | (741)                              | 0                                  | 0                                  | (741)                                              |
|                          | \$(30,168)                         | \$(49,217)                         | \$(51,861)                         | \$(132,596)                                        |

## **11. BUSINESS COMBINATION**

In November 2001, the Company signed a letter of intent to engage in further discussions relating to the acquisition of Avid Canada and 829726 Alberta, Ltd., the operating subsidiaries of Heritage Ventures, Ltd.

Under the proposed transactions, the Company will acquire all of the outstanding shares of Avid Canada and 829726 Alberta Ltd. for shares of the Company. Heritage Ventures, Ltd. will purchase 500,000 shares of the Company for \$250,000 cash. The result of the proposed transactions is Heritage Ventures, Ltd. gaining control of the Company with 52% of the shares. The reverse take-over will be accounted for using the purchase method when completed.

## **ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.**

We are a Nevada company with our offices in Canada. Our auditing firm is Smythe Ratcliffe, Chartered Accountants, of Canada. Smythe Ratcliffe is a member of PKF International Association, an international association of independent accounting firms. Our financial statements have been prepared in accordance with US GAAP. We have had and expect to have no disagreements of any kind or sort with our auditor as to any item or matter. However, management has determined prospectively, that the best interests of our company would be served by developing a relationship with a United States auditing firm in the future. No action has been taken with respect to such a change as of the filing of this report. We would expect to announce any such change promptly in accordance with current reporting rules.

## **PART III**

## **ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT.**

The directors and executive officers currently serving the Company are as follows:

| Name            | Age | Positions Held and Tenure                          |
|-----------------|-----|----------------------------------------------------|
| Maurizio Forigo | 37  | President and CEO since September 1999             |
| Lance Morginn   | 29  | Secretary / Treasurer and CFO since September 1999 |

Maurizio Forigo (age 36) has an extensive business background in both public and private companies. His experience includes raising capital, negotiating strategic alliances, marketing strategies, directing hardware/software development and resource allocation necessary to bring emerging technologies to market. He was a former national sales coordinator and key account manager for publishers of legal and tax information. He has over nine years experience in sales, marketing, management, strategic planning and organizational development.

During the past ten years he has worked for two publishing firms, the first being CCH Canadian Limited, the publishers of tax and legal information, starting in 1991, where he was National Accounts Coordinator, with special responsibility for content relations with the major Canadian accounting firms. Then, in April of 1997, he went to Thomson Professional Publishing, a similar business. He was Key Account Manager for corporate accounts, managing the top 30 corporations in Canada.

Lance Morginn (age 28) founded Planet City Graphics, a Vancouver based web development company in April 1996. Other projects included the production of a leading North American Y2K software package capable of physically updating computer's CPU for year 2000 compliance solutions. In September 1998, a merger between Planet City Graphics and Western Shores, a Vancouver based direct response and database marketing agency, resulted in the joint venture of MediaNet Solutions. Currently acting as the VP of New Media for MediaNet, Mr. Morginn is responsible for defining new business opportunities and providing strategic direction to help position the company for growth. He holds a degree from the Vancouver Film School multi-media program. He is trained in various multi-media computer programs used specifically for the Film and Video industry.

Compliance With Section 16(a) of the Exchange Act.



The Company's officers, directors and principal shareholders have each filed an Annual Statement of Changes in Beneficial Ownership on Form 5.

#### ITEM 10. EXECUTIVE COMPENSATION.

There is no present program of executive compensation. Officers and directors serve without fixed or established compensation at present. Management feels that the sums paid to directors and officers and recorded in the financial statements as consulting expenses are reasonable estimates for services provided at the current level of operations, and therefore, in compliance with SAB:1:B:1. Expenses incurred by the officers and directors on behalf of Safe ID Corporation have been fully reimbursed, and are recorded in the financial statements as operating expenses, in compliance with SAB 5:T.

There are no deferred compensation arrangements, options, bonuses or other forms of compensation accrued or established.

#### ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

##### (A) SECURITY OWNERSHIP OF MANAGEMENT.

To the best of our knowledge and belief the following disclosure presents the total beneficial security ownership of all directors and nominees, naming them, and by all of our officers and directors as a group, without naming them, known to or discoverable by us. Please refer to explanatory notes if any, for clarification or additional information.

(B) SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS.

To the best of our knowledge and belief the following disclosure presents the total security ownership of all persons, entities and groups, known to or discoverable by Registrant, to be the beneficial owner or owners of more than five percent of any voting class of Registrant's stock. Please refer to explanatory notes if any, for clarification or additional information.

TABLE A/B

COMMON STOCK

OFFICERS AND DIRECTORS AND OWNERS OF 5% OR MORE

Name and A