STATEMENT OF INFORMATION
AND
ANNUAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001.

AND

Interim Financial Statement for Six Months Ending March 31, 2002

Commission Fine Number 0 - 30164

TENSLEEP CORPORATION

COLORADO	33-0789960
(state or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

86025 52nd Avenue, Coachella, CA 92236-2701
(Address of Principal Executive offices, Zip Code)

(888) 443-2656
(Issuer's Telephone Number, including area code)

Common Stock, No Par Value
(Title of Class)

The issuer's revenues for its most recent fiscal year were $159,352.

Based on the average of bid price on June 1, 2002, the aggregate market value of common stock held by non-affiliates (3,044,366) of the registrant on June 1, 2002 was approximately $761,092.

The number of shares outstanding of issuer's only class of Common Stock, no par value, was 10,012,023 on June 1, 2002.

Executive Registrar & Transfer Agency, Inc.
3118 W. Thomas Road. Suite 707
Phoenix, Arizona 85017

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PART I

ITEM 1. DESCRIPTION OF BUSINESS.

GENERAL

Tensleep is a technology, product and business development company based in Coachella, California. Tensleep was founded in October 1997, in the State of Colorado, under the name Tensleep Design, Inc. Tensleep's name was changed In April 1999 to Tensleep Technologies, Inc, in November 1999 to Tensleep.com, Inc., and in August 2000 to Tensleep Corporation (the "Company"). Tensleep has one majority owned subsidiary, Tensleep Technologies, Inc. ("Tensleep Technologies"), and three affiliates, Appliance Partners, Inc., ("Appliance Partners"), China Net & Technologies, Inc. ("China Net"), and Amcor Financial Corp. ("Amcor").

Tensleep seeks to create long-term value by acquiring interests in technology-related and specialty finance companies ("partner companies") which Tensleep supports by providing financial, operational and management services. Tensleep acquires interests in and develops companies in three principal areas: information appliances and services, semi-conductor related products and services, and real estate financial services.

In the past Tensleep acquired and licensed technology; identified, acquired, and developed development-stage technology and service companies; and focused on integrating its communications products and technology, called Information Appliances ("IA"), with other products or devices. IA's are products that gather information or data from other products or devices, manages the data and transmits the data to a centralized location via the Internet (an "Internet Gateway").

Tensleep has shifted its strategy to build on three specific paths to value creation for its shareholders.

Tensleep's first focus is the consolidation of its original business into its majority owned subsidiary Tensleep Technologies. Tensleep Technologies' purpose is to bring-to-market penetration of the Internet appliances and the development of integrated systems through strategic relationships, joint ventures, and international marketing alliances. It is currently focusing on developing, marketing and distributing energy management systems ("EMS"), and acquiring interests in companies engaged in that market segment. The current emphasis is on companies providing energy management systems to the power and utility industries and their customers. Tensleep believes retail competition and energy deregulation in the power and utility industries are best supported by the development and implementation of EMS. Tensleep Technologies and affiliates' technology and products are well suited to play a critical role in the implementation of those systems. To support Tensleep Technologies, Tensleep is transferring to it its interest in Appliance Partners.

Tensleep's second focus is to identify, acquire, and develop semi-conductor related companies. Tensleep's goal is to acquire interests in companies that can miniaturize its IAs within three generations. IAs are sub-PC, application-ready devices which simplify the operation, improve the reliability, and lower the cost of computing over public and local networks. The first-generation products—self-contained units or modules that connect the primary device or system to the Internet without the use of a PC—are uniquely designed and packaged for specific applications that control and/or gather information about other devices or systems, manufactured by third parties, and transmit data about those devices or systems through local networks and the Internet. The second generation will be the integration of selected components of each product into one or more integrated circuits for use in a modular board that is then embedded into the host device or appliance. The third generation will be the integration of the system created by the modular unit for a complete system-on-a-chip appliance solution.

Tensleep's third focus is the development of Amcor and bank service companies and specialty finance companies. Amcor is a specialty finance company that has helped finance Tensleep Technologies and Appliance Partners. Amcor, in addition to providing financing to emerging companies, owns hundreds of acres of land in the Las Palomas Country Club Estates located in La Vernia, Texas, which it plans to develop. Tensleep plans to identify, acquire, and develop bank service companies and specialty finance companies. Tensleep will focus on supporting and developing bank service companies that specialize on making non-liquid investments liquid and selling them to banks. Tensleep will also focus on supporting and developing specialty finance companies that provide funding for above average yields.

Appliance Partners, an affiliate, is dedicated to developing the hardware and software required to develop Information Appliances and to educating customers and bundling and marketing appliance solutions to corporate and individual consumers. In addition to designing and developing IA's and the software to drive them. Tensleep

believes that this focus will result in solutions tailored to the requirements of individual countries and markets.

China Net, an affiliate, specializes in developing strategic relationships with emerging-growth companies in China for the production of products, developed in the United States, in China and the sale of those products in the US and China.

Challenges Facing Partner Companies

Once a company has a viable product or service, investment capital, management and operational expertise will allow Tensleep to become a viable company capable of achieving market success and significant value for Tensleep. Tensleep makes such investments in its partner companies with the ultimate goal of making the partner company a market leader in its relevant industry sector by assisting it in addressing the management and operational challenges, as follows:

The recruitment of senior management.

The strategic assessment of technology and market opportunities for technology, products and services.

The development of corporate, legal and financial structures and the expertise to execute those transactions.

The identification of markets and development of market strategies.

The establishment of a support organization.

The development of strategic partnerships, joint ventures or acquisitions.

Tensleep provides the resources, capital, management and operational expertise, to aid our partner companies and which enables them to capitalize on their opportunities.

Tensleep has expertise in many areas of business and technology, sales and marketing, operations, finance and legal, and transactional support the growth of the partner company.

Services Provided to Partner Companies

Tensleep takes an active role in the strategic direction of its partner companies. Tensleep, before it makes an investment in a potential partner, works with the company to (1) define its near and long term goals, (2) identify the key milestones to reach those goals, (3) identify the challenges and operational improvements require to reach these goals, (4) identify the business measurements that will measure success, (5) identify potential synergies with other companies, and (6) determine the nature and timing of the resources required to help the company achieve its goals.

Tensleep, after the acquisition of an interest, helps the partner companies measure their progress and continually reassess their objectives and requirements. By helping the partner companies' management remain focused on their objectives, the development and success of the business will be accelerated.

Tensleep provides ongoing planning and assessment services. Through Tensleep's involvement in the developing activities of these companies, Tensleep personal provide mentoring, advise and guidance to develop the management strength of the partner company. Tensleep personnel serve on the board of directors of each of its partner companies and work with them to develop their annual strategic and operating plan, which is monitored through monthly performance and financial reports.

Tensleep provides active management, marketing and sales, product development, production, and public relations. It also offers assistance in identifying, evaluating, structuring and negotiating joint ventures, strategic alliances, joint marketing agreements, distribution channel arrangements, acquisitions and other corporate transactions. In addition, Tensleep offers partner companies a variety of services designed to reduce their operating costs, which enable them to focus on their business.

Tensleep also provides a partner company with financial and legal support, which provides due diligence preceding the acquisition and which are responsible for assessing financial and legal issues. The financial and legal support continues to be available when the partner companies are seeking to execute major corporate or other financial transactions.

PATENTS AND PROPRIETARY RIGHTS.

Tensleep seeks to protect and maintain its intellectual property, including its trade secrets and technical knowledge. Tensleep, when appropriate, plans to file patent applications for key designs, innovations and inventions that it believes are most relevant to its product line and most valuable as cost and technological advantages. Tensleep prevents the loss of valuable proprietary information, such as trade secrets and technical knowledge, through non disclosure agreements and the strict enforcement of its license agreements.

Tensleep requires employees, consultants, and independent contractors to execute confidentiality and invention/copyright assignment agreements before engaging in any service to Tensleep. Tensleep requires other companies, when engaged in sensitive discussions involving Tensleep's proprietary technologies, to execute non disclosure agreements. These agreements are intended to protect Tensleep's trade secrets, technical knowledge, and patents and copyrights by restricting disclosure of this information. No assurance can be made, however, that such contracts will give Tensleep adequate protection if such agreements are breached through the unauthorized disclosure or use of such intellectual property.

MARKETS AND PRODUCTS

PRODUCT - CyberModule™

Tensleep's basic IA is a universal communication device or Internet gateway ("CyberModule™"). The CyberModule™ is a modular unit providing an addressable web-site for an attached appliance or collection of appliances. The CyberModule™ allows the appliance(s) to be monitored and controlled remotely using standard Internet and website protocols. It constructs a web page from data received (or solicited) from the attached appliance(s) and makes this data available to remote browsers that have approved access capability. It also accepts commands from the remote browser, reformats the commands and presents them to the appliance. Pre-determined aspects of the web page, covering content and format, may be changed over the Internet from remote locations. The CyberModule™ offers connection to the Internet via a number of interfaces and offers multiple connections to the appliance(s) via a variety of interfaces.

The CyberModule™,as a universal device, will be marketed to original equipment manufacturers ("OEMs") for use in the research and development of the OEM's appliances or equipment. Through the use of the CyberModule™, the OEM is able to develop and define specifications for the specific characteristics or form of IA to be embedded and used in its appliances or equipment (the "Customer's IA"). Typical appliances or equipment with which the CyberModule™ can be used include, but are not limited to, electric meters, vending machines, monitors of traffic, security devices, factory production machinery, etc. Once the OEM develops the specific IA and decides to include it within its products, Tensleep will develop, fabricate and supply the Customer's IA to the OEM.

Tensleep plans to miniaturize the systems used in the Customer's IA into integrated circuits that combine both the communications and micro-controller functions with the Internet protocol and appliance control/functions. The integrated circuits developed in the second phase will have a digital signal processor, a microprocessor and an analog front end with an associated set of peripherals for connecting to the Ethernet or the Internet.

Tensleep has completed the CyberModule™ and its specific application product name is the EnergyMatrix™ and was developed by Appliance Partners, who has sold several units.

EnergyMatrix™

The EnergyMatrix™ Data Server (EMDS) is a meter data communications device that provides Web Services to utility or customer owned energy meters. The EMDS aggregates energy usage and demand across multiple facilities to reduce overall utility costs. The EnergyMatrix system characterizes energy use at each facility and provides instantaneous real-time view of energy demand for controlling energy usage.

EnergyMatrix™ EM-101

The EnergyMatrix™ EM-101 meter gateway aggregates energy usage and demand across multiple facilities to reduce overall utility costs. The EnergyMatrix system characterizes energy use at each facility and provides instantaneous real-time view of energy demand for controlling energy usage.

The EM-101 is a ruggedized communications gateway that connects directly to electrical, gas and water meters to gather meter readings and current usage data. Data is collected from the meter through a 2-wire/3-wire digital pulse interface or serial connection. EM-101 supports Protocol Specification for Electrical Metering (PSEM),

which is a standard protocol to access services and data tables from compliant meters.

Stored data is translated into XML and HTML reports that show current status and historical usage readings. Integrated web services deliver report data directly to enterprise level software and databases. EM-101's software is based on an XML framework that allows it's functionality to be easily reconfigured through XML files.

Network connectivity is provided through standard 10BaseT Ethernet port or optional interfaces that include analog modem, wireless Cellular Digital Packet Data (CDPD) modem, 802.11b Wireless Local Area Network (LAN), or Bluetooth radio.

EnergyMatrix™ EM-102

The EnergyMatrix™ EM-102 is a communications gateway that bridges meter reading data to the Internet using standard protocols. The EnergyMatrix provides an open interface to meter data so central servers and enterprise level software can easily manage and aggregate the data without becoming bogged down in proprietary and digital pulse counting interfaces. These devices make use of, and coexist with, existing electricity and gas meter infrastructures.

The EnergyMatrix interfaces to meters through a hardware connection. The EnergyMatrix pulls the data from the meter and then translates the data from the proprietary meter protocol. The information is collected and saved in the device, so that if the network goes down, the data will not be lost. Under normal circumstances, the data is transferred at a designated time or frequency using open networking standards.

The EnergyMatrix makes use of various networking interfaces as the basis for communications. Through the network, the current state of distributed energy consumption is monitored in real time and recorded historically. When managed by a central server, the system can acquire, archive, manipulate, and export data; react in real-time; and manage consumption or sourcing/generation of energy through control commands sent over the network.

EnergyMatrix™ EM-103

The EnergyMatrix Data Server EM-103 allows remote monitoring and control of one or more meters for utility or customer owned energy (gas, water, electric) meters via the Internet using standard Internet protocols and web pages. Physically located near the meters, the EM-103 gives the meter an IP-addressable Internet location that allows users to monitor the current state of energy consumption and control the parameters and applications from remote locations. Via standard or custom web pages, the EM-103 provides flexible, customer-friendly delivery of real-time meter consumption information for the customer and the utility.

The robust Windows embedded software platform provides an open application framework that easily connects to industry-standard meters. Data collected from the meter is stored, made available on demand via web page, and transferred periodically to the central location for aggregation. Data can be stored in the EM-103 for an extended period of time to compensate for network or system outages.

The EM-103 can be connected to the Internet via the standard 10BaseT Ethernet port or via the optional wireless Cellular Digital Packet Data (CDPD), 802.11b Wireless Local Area Network (LAN), or Bluetooth radio.

SALES AND DISTRIBUTION

Tensleep, Tensleep Technologies and Appliance Partners use independent manufacturers' representatives and value added resellers to distribute the products developed by Tensleep and Appliance Partners. The manufacturer's representatives and value added resellers were selected based Mr. Kaliher and Tensleep's director of business development.

COMPETITION

The Internet Appliance is a shift to Internet computing where specialized devices are connected by the Internet and supported by a sophisticated infrastructure. Tensleep believes, based on reports by Merrill Lynch, that Internet appliances will be the next waves of demand for information and real-time data access, and three existing vendor groups will compete for the appliance market: computer makers, consumer appliance companies, and mobile telecom vendors. Merrill Lynch further states that market sizes will be limited due to specific applications and not general purpose usage, resulting in many successful companies and no dominant one.

Tensleep has identified potential niche markets for thin Internet servers with little competition at the present time, but if these markets develop Tensleep Technologies will face substantial direct and indirect competition from

international and national competitors, many of which are well established and have greater marketing, financial and other resources than Tensleep.

MATERIALS AND COMPONENTS

Tensleep's products are currently made from the electronic components manufactured by others, e.g. capacitors, resistors, modem chips, and micro-controllers. Some of the components are high demand items and there is no assurance these components will be available in sufficient quantities.

EMPLOYEES

As of June 1, 2002 Tensleep, subsidiaries and affiliates had five full time employees and one part time employees. Tensleep is currently negotiating with unrelated companies and individuals for consulting engineering, marketing, and other services. None of Tensleep's, subsidiaries' or affiliates' employees are represented by a labor union and Tensleep has never experienced a work stoppage. Tensleep considers its employee relations to be good.

ENVIRONMENTAL COMPLIANCE

Tensleep does not anticipate any material expenditures to effect compliance with environmental laws.

GOVERNMENTAL REGULATION

The business operations of Tensleep are not subject to any material governmental regulation. Tensleep's products are not subject to governmental approval.

INVESTMENT POLICIES

It is not Tensleep policy to acquire assets primarily for possible capital gain or income. It is not the policy of Tensleep to invest in real estate, real estate mortgages, or securities of persons primarily engaged in real estate activities.

ITEM 2. DESCRIPTION OF PROPERTY.

Tensleep's headquarters is located in Coachella, California in a building owned by an affiliate company which charges no rent. Tensleep Technologies is located in an industrial office building in Austin, Texas and rents approximately 1,500 square feet with Appliance Partners. Tensleep intends to lease additional facilities as required.

ITEM 3. LEGAL PROCEEDINGS.

Tensleep is not involved in any litigation incidental to its business or material to the business activities or financial performance of Tensleep.

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

No matters were submitted to a vote of security holders during the last quarter of the fiscal year ended September 30, 2000.

PART II

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

(a) Tensleep's Common Stock has traded in the over-the-counter market since September 1999 and is currently trading Over-The-Counter with the National Quotation Bureau (Pink Sheets). Set forth below are the high and low bid prices of the Common Stock for each year since reported by a member firm of the National Association of Securities Dealers, Inc. that effects transactions in Bulletin Board stocks and acts as one of the market makers for Tensleep's Common Stock.

	Stock Prices	
	High	Low
September 1999	$4.00	$2.50
December 1999	$4.75	$1.35
March 2000	$7.38	$1.69
June 2000	$3.75	$1.25
September 2000	$1.56	$0.56
October 2000 - September 2001	$0.50	$0.25
October 2001 - June 2002	$1.01	$0.01

(b) On September 30, 2001, there were approximately 230 stockholders of record of Tensleep's Common Stock.

(c) Tensleep has paid no dividends on its Common Stock.

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

OVERVIEW

Tensleep is a technology, product and business development company based in Coachella, California. Tensleep has one majority owned subsidiary, Tensleep Technologies, Inc., and three affiliates, Appliance Partners, Inc., China Net & Technologies, Inc., and Amcor Financial Corp.

Tensleep seeks to create long-term value by acquiring interests in technology-related and specialty finance companies which Tensleep supports by providing financial, operational and management services. Tensleep acquires interests in and develops companies in three principal areas: information appliances and services, semi-conductor related products and services, and real estate financial services.

The implementation of Tensleep's operational plan for the next twelve months, requires limited additional personnel and financial resources. Tensleep has and will continue to engage one or more independent third party organizations or affiliates to provide the quality and number of personnel and services required.

RISKS

The factors, which follow, make Tensleep's Plan of Operation for the next twelve months risky.

Market Evaluation

Tensleep is in a continual process of identifying and evaluating new niche markets, but there is no assurance that Tensleep will correctly identify or evaluate any niche market. Even if Tensleep should correctly identify and evaluate new niche markets, there is no assurance Tensleep can develop any products or services that would be accepted in those markets or that the products or services would be developed in a timely manner, or that Tensleep could acquire any interest in a partner company.

In order to reduce this risk Tensleep's plans (1) to develop products with embedded standard modular systems capable of being used in products that cross market segments, (2) to develop and provide manufacturing and distribution to independent third party companies developing their own niche market products, and (3) to acquire all or part of businesses that have developed and are distributing products in identified markets.

Dependence upon new products

The communications and Internet markets are characterized by rapid technological change, evolving industry standards, changes in customer needs and frequent new product introductions, and are therefore highly dependent upon timely product and production innovation. In particular, data communication products are subject to continuous changes in the fabrication process. Each change in technology and the fabrication process may require a concomitant change in design and developed of Tensleep's products. Tensleep may not have the resources to make those changes.

Tensleep's future success is dependent in part upon its ability to anticipate changes in technology and industry standards and to develop successfully and introduce new and enhanced products on a timely basis. Tensleep will be required to replace declining revenues from older products with new products. To reduce this risk Tensleep is developing modular designed sub-products, which may reduce the cost of development and time to market.

There is no assurance Tensleep will be able to introduce new products on a timely basis. There is no assurance Tensleep can produce the new or old products or services, nor achieve any significant degree of market acceptance for them, nor sustain acceptance for any significant period. Failure to produce or achieve or sustain market acceptance of its products or services would affect Tensleep's operating results.

Competition

The markets in which Tensleep operates or will attempt to operate may be characterized by competition among a number of small and potentially large companies that are well financed with a long history. They will have substantial advantages in terms of breadth of technology, sales, marketing , resources and support capability.

Ability to manage a rapidly changing business

Tensleep is anticipating significant growth, which will place a substantial strain on its operational, administrative and financial resources. Tensleep's officers have experience in managing companies as large and as rapidly changing as is anticipated. However, there is no assurance that the experience will prove beneficial to the new situation posed by Tensleep's challenges. Tensleep's ability to manage any future changes effectively will require it to have sufficient funds to attract, train, motivate and manage its employees effectively.

Dependence on key personnel

The value of Tensleep lies in the experience and ability of the management of Tensleep and its affiliates to identify and develop its technology, products and services. If Tensleep and its affiliates severe their relationship, the effect would have a serious effect on Tensleep's operations.

Tensleep recognizes that some people believe that the high technology industry, in which Tensleep plans to compete, is one where significant developments are in new technology and "expertise" is a quantity that dates and loses value quickly.

Tensleep believes its future success will depend in large part upon its ability to attract and retain additional highly skilled management, technical, marketing, research and development, product development and operations personnel. Competition for such personnel is intense, and no assurance can be given that Tensleep will be successful in attracting and retaining such personnel.

Lack of Revenues

Tensleep has not established a consistent source of revenues. Tensleep has experience revenues in the form of royalties, but there is no assurance Tensleep will continue to receive royalties at their current level or at all in the future. There is also no assurance that Tensleep can earn revenues beyond the current minimal level for the next twelve months.

Lack of Funds

There is no assurance can be given that Tensleep has or can obtain sufficient funds to enable it to conduct an adequate marketing and sales program.

PLAN OF OPERATION

Tensleep's business and operational plan for the next twelve months are directed toward acquiring interests in energy management systems companies, semi-conductor related companies and specialty finance companies.

Operations

Tensleep is currently operating and will continue to operate with its available funds. The current burn rate for Tensleep is approximately $7,500 to $10,000 per month. Tensleep is now and will continue to limit its expenses and not incur debt. Tensleep's expenses are limited to phone bills, limited travel, office supplies, accounting services, repairs and maintenance, outside services and other small but ordinary business expenses.

Tensleep believes that it can continue operating over the next twelve months. It can do so by continuing the current level of expenditure and not increasing the expenditure of cash without having the cash on hand. Tensleep during the next twelve months, at this level of expenditure, believes that it will be able to complete its plan of operation.

Tensleep recently transferred its original business to Tensleep Technologies pursuant to a change in its strategic business plan including a structural reorganization. The transfer of Tensleep's traditional business is to make that business a stand-alone profit center and allow that business to focus on its own business and corporate development.

The transfer of Tensleep's original business allows Tensleep to focus on identifying and developing strategic relationships with emerging growth companies in three focus areas previously discussed. Tensleep Technologies' business plan is to acquire new product technology, establish manufacturing relationships and to distribute products to consumers and original equipment manufacturers. Appliance Partners' business plan is to develop a series of special purpose computers or servers, referred to as appliances and/or thin Internet servers.

Tensleep believes that continued implementation of its general plan of operation requires few additional personnel, if any, for the development and upgrading of its various products. Tensleep will also continue to engage one or more independent third-party organizations to provide the quality and number of personnel and services required for the development of its Internet products and to upgrade its other developed products. Tensleep will also seek strategic relationships with independent third-party organizations to participate in the development and upgrading services.

ITEM 7. FINANCIAL STATEMENTS

Unaudited Report

TENSLEEP CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001 AND 2000

STEVEN J. MILLER, CPA
67-900 FOOTHILL ROAD
CATHEDRAL CITY, CA 92234

The Board of Directors and Stockholders of
Tensleep Corporation
La Quinta, CA

I have compiled the accompanying consolidated balance sheets of Tensleep Corporation and Subsidiaries (a Colorado corporation) as of September 30, 2001 and 2000 and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the accompanying supplementary information contained in the Schedule 1 – Consolidated Balance Sheets and the Schedule 2 – Consolidated Statements of Operations, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules, information that is the representation of management. I have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

June 3, 2002

Cathedral City, California

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001 AND 2000

ASSETS

	2001	2000
CURRENT ASSETS		
Cash	$ 104,189	$ 524,255
Marketable Securities	-	33,203
Prepaid Expenses	-	250,000
Other Receivables	-	112,000
Due from Tensleep Appliance	109,911	50,000
License Fee Receivable	-	100,000
Royalty Receivable	76,623	35,291
Due from Amcor Financial	100,000	-
Loan Receivable	50,000	30,000
Total Current Assets	440,766	1,134,749
PROPERTY AND EQUIPMENT		
Machines & Equipment	102,358	105,757
Software	172,371	186,728

Less accumulated depreciation and amortization	274,729	230,715
Net Property and Equipment	-	61,770
OTHER ASSETS		
Goodwill - net of accumulated amortization of $16,868	-	320,484
Investment in China Net & Technologies, Inc., at equity	210,000	1,672,135
Investment in Amcor Financial Corp., at equity	647,036	1,283,768
Investment in Silicon Resources, at cost	-	1,103,800
Total Other Assets	857,036	4,380,187
TOTAL ASSETS	$1,297,801	$ 5,576,706

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001 AND 2000

LIABILITIES AND STOCKHOLDERS' EQUITY

	2000	1999
CURRENT LIABILITIES		
Accounts Payable	$ 488	$ 7
Loan payable to China Net & Technologies, Inc. (See note 6)	2,291	2,2
Accrued consulting fees (See note 11)	75,000	
Total Current Liabilities	77,779	3,0
TOTAL LIABILITIES	77,779	3,0
STOCKHOLDERS' EQUITY		
Preferred stock, no stated value, 10,000,000 shares authorized no shares issued and outstanding	-	
Common stock, $.01 stated value, 50,000,000 shares authorized 10,012,023 and 8,412,023 shares issued and outstanding at September 30, 2001 and 2000, respectively	100,121	84,1
Additional paid-in capital	7,122,200	7,938,2

Allowance for Unrealized Gains (Losses) on Marketable Equity Securities	-	(41,4
Retained Earnings (Accumulated Deficit)	(6,002,299)	(2,407,1
TOTAL STOCKHOLDERS' EQUITY	1,220,022	5,573,6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,297,801	$ 5,576,7

The accompanying notes are an integral part of these statements.

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEARS ENDED SEPTEMBER 30, 2001 AND 2000

	2001	2000
REVENUES		
License Fees	$ -	$ 950,000
Stock Promotion	-	419,692
Royalty Income (Note 18)	158,312	122,177
Other Income	1,040	45,175
	159,352	1,537,044
EXPENSES		
Advertising	3,810	88,116
Automobile expense	3,564	3,484
Consulting expense	455,200	406,833
Depreciation and Amortization	46,075	110,389
Office supplies and expenses	12,545	20,274
Other Expenses	12,827	14,745
Payroll & Payroll Taxes	8,694	33,924
Professional fees and Outside Services	64,324	170,551
Product development costs	-	95,926
Telephone and Utilities	4,103	8,950
Travel & Entertainment	27,606	32,926

	638,748	986,118
INCOME (LOSS) FROM OPERATIONS	(479,396)	550,926
OTHER INCOME (EXPENSE)		
Interest Income	5,679	10,469
Income (loss) on equity investments	(2,298,867)	(87,682)
Asset Impairment	(500,000)	(750,000)
Net Realized gain on marketable securities	-	10,419
	(2,794,188)	(816,794)
PROVISION FOR INCOME TAXES	-	-
NET INCOME (LOSS)	$ (3,273,584)	$ (265,868)
EARNINGS PER COMMON SHARE	$ (.33)	$ (0.03)

The accompanying notes are an integral part of these statements.

TENSLEEP CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
F0R THE YEARS ENDED SEPTEMBER 30, 2001 and 2000

	See Note	Date	Number of shares	Consideration	Common stock	Additional paid-in capital	Retained Earnings	Note Receivables for stock	Allowance for Unrealized Gains and Losses on Marketable Equity Securities	Total
Balance at September 30, 1999			7,045,016		$ 70,450	$3,580,966	$(2,066,377)	$ (610,200)	$ -	$ 974,839
Exercise Class B Warrants	7H	10/11/1999	15,000	Non-cash	150	74,850	-	-	-	75,000
Exercise Class A Warrants	7I	10/26/1999	20,000	Non-cash	200	19,800	-	-	-	20,000
Exercise Class A Warrants	7J	10/29/1999	35,000	Non-cash	350	27,650	-	-	-	28,000
Exercise Class A Warrants	7K	11/01/1999	5,000	Cash	50	3,950	-	-	-	4,000
Exercise Class A Warrants	7L	11/03/1999	1,000	Cash	10	790	-	-	-	800
Exercise Class A Warrants	7M	11/03/1999	1,000	Cash	10	790	-	-	-	800
Exercise Class A Warrants	7N	12/07/1999	10,000	Non-cash	100	7,900	-	-	-	8,000
Exercise Class A Warrants	7O	12/07/1999	50,000	Non-cash	500	49,500	-	-	-	50,000
Exercise Class A Warrants	7P	12/07/1999	13,000	Non-cash	130	12,870	-	-	-	13,000
Stock issued	7Q	12/08/1999	60,000	Non-cash	600	59,400	-	-	-	60,000
Exercise Class B Warrants	7R	12/13/1999	25,000	Non-cash	250	122,250	-	-	-	122,500
Exercise Class A Warrants	7S	12/14/1999	20,000	Cash	200	35,282	-	-	-	35,482
Exercise Class B Warrants & stock issued	7T	12/30/1999	300,000	Non-cash	3,000	597,000	-	-	-	600,000
Exercise Class B Warrants	7U	12/30/1999	50,000	Non-cash	500	249,500	-	-	-	250,000
Exercise Class A Warrants	7V	12/30/1999	253,960	Non-cash	2,540	197,460	-	-	-	200,000
Exercise Class A Warrants	7W	12/30/1999	100,000	Non-cash	1,000	79,000	-	-	-	80,000
Shares canceled	7X	12/30/1999	(1,000,000)	Non-cash	(10,000)	10,000	-	-	-	-
Note Receivables for stock canceled	16	12/30/1999	-	Non-cash	-	-	-	610,200	-	610,200
Stock issued	7Y	02/24/2000	340,000	Non-cash	3,400	30,600	-	-	-	34,000
Exercise Class B Warrants	7Z	03/07/2000	100,000	Cash	1,000	449,000	-	-	-	450,000
Stock issued	7AA	04/22/2000	400,000	Non-cash	4,000	996,000	-	-	-	1,000,000
Exercise Class B Warrants & stock issued	7AB	04/22/2000	500,000	Non-cash	5,000	1,245,000	-	-	-	1,250,000
Stock issued	7AC	06/07/2000	10,000	Non-cash	100	14,275	-	-	-	14,375
Stock dividend	14	06/02/2000	4,290	Non-cash	43	5,856	(5,899)	-	-	-
Stock divident	14	07/26/2000	49,737	Non-cash	497	64,783	(65,280)	-	-	-
Stock dividend	14	08/23/2000	4,020	Non-cash	40	3,729	(3,769)	-	-	-

Net income for 2000			-		-	-	(265,868)	-	-	(265,868)
Net Unrealized loss on marketable							-	-	-	-
equity securities							-	-	(41,468)	(41,468)
Balance at September 30, 2000			8,412,023		$ 84,120	$7,938,201	$(2,407,193)	$ -	$ (41,468)	$ 5,573,660
Stock Issued	7AD	11/10/2000	500,000	Non-cash	5,000	45,000	-	-	-	50,000
Stock Issued	7AE	03/07/2001	1,000,000	non-cash	10,000	90,000	-	-	-	100,000
Recission Writedown	7AF	03/31/2001	(400,000)		(4,000)	(996,000)	-	-	-	(1,000,000)
Stock Issued	7AG	04/16/2001	500,000	Cash	5,000	45,000	-	-	-	50,000
Note for stock	16		-		-	-	-	(100,000)	-	(100,000)
Master Financial - Prior retained Earnings			-		-	-	(322,522)	-	41,468	(281,054)
Net Loss for 2001			-		-	-	(3,272,584)	-	-	(3,272,584)
Valance 09/30/2001			10,012,023		100,120	7,122,200	(6,002,299)	(100,000)	-	(1,120,022)

The accompanying notes are an integral part of these statements.

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
SEPTEMBER 30, 2001 AND 2000

	2001	2000
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income (Loss)	$ (3,272,584)	$ (265,868)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	46,075	110,389
Income in exchange for common stock	-	(890,070)
Loss on Equity Investments	2,298,867	87,682
Asset Impairment	500,000	750,000
Consulting fees in exchange for stock	50,000	
(Increase) decrease in assets:		
Prepaid expenses	250,000	260,000
Accounts Receivable	-	-
License Fee Receivable	-	(100,000)
Royalty Receivable	(41,375)	(35,291)
Note Receivable	-	60,000
Loan Receivable	(20,000)	(30,000)
Increase (decrease) in liabilities:		
Accounts Payable	(267)	(3,938)
Accrued consulting fees	75,000	(66,800)
Net cash used by operating activities	(114,284)	(123,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to affiliate	(59,911)	(50,000)
Purchases of machinery and equipment	(345)	-
Proceeds from sale of Investment in Silicon Resources	3,800	-

Csh lost in investment in Master Financial	(299,326)	-
Net (purchases) sales of marketable securities	-	219,155
Net cash used by investing activities	(355,782)	169,155
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payments to affiliate	-	(12,151)
Proceeds from sale of stock warrants	50,000	491,082
Net cash provided by financing activities	50,000	478,931
NET INCREASE (DECREASE) IN CASH	(420,066)	524,190
CASH, beginning of period	524,255	65
CASH, end of year	$ 104,189	$ 524,255

The accompanying notes are an integral part of these statements.

TENSLEEP CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2001 AND 2000

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Tensleep Corporation (formerly Tensleep.com, Inc., Tensleep Technologies, Inc. and Tensleep Design, Inc.), a Colorado Corporation (the "Company"), is a technology holding company. The Company acquires and licenses technology; identifies, acquires, and develops development-stage technology and service companies; and focuses on integrating its communications products and technology, called Information Appliances ("IA"), with other products or devices. IA's are products that gather information or data from other products or devices, manages the data and transmits the data to a centralized location via the Internet. Tensleep is continually seeks out and evaluates products to be integrated with its IA's in new market areas.

The Company is focusing on the acquisition and development of companies in the United States, China and Europe developing products for niche markets. The current emphasis is on companies providing energy management systems to the power and utility industries and their customers. The Company believes retail competition and energy deregulation in the power and utility industries are best supported by the development and implementation of EMS. The Company's and its affiliates' technology and products are well suited to play a critical role in the implementation of those systems.

Energy management systems provide power and utility companies and their customers with load management, data collection and outage reporting capabilities. The Company's and its affiliates' technology and products are at the core of those systems.

Consolidation Policy

The consolidated financial statements include the accounts of The Company and all of its wholly owned and majority-owned subsidiaries. All inter-company transactions and balances have been eliminated. The Company's investments in 17% to 50% owned affiliates in which it has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Accordingly, the Company's share of the earnings of these companies is included in consolidated net income. Investments in other companies are carried at cost.

Development Stage Company

The Company was formed on October 23, 1997 and was in the development stage through September 30, 1999. During this period of time the Company did not generate any income from operations. The Company's activities were devoted to raising capital and obtaining financing. The current year ending September 30, 2000 is the first fiscal year during which the Company began

active operations pertaining to technology and license agreements.

Product Development Costs

Product development costs are expensed as incurred. At September 30, 2000 such costs were $95,926. Prior to commencing operations the Company incurred research and development costs which were also charged to operations when incurred. Research and development costs were $0 for the year ending September 30, 2001.

Cash and Cash Equivalents

For the purposes of financial statement reporting, the Company considers all liquid investments with maturity of 3 months or less to be cash equivalents.

Marketable Securities

Marketable Securities consisted of common stock for the year ended September 30, 2000. Marketable securities were stated at market value as determined by the most recently traded price of each security at the balance sheet date. The Company's investments in marketable equity securities are held for an indefinite period and thus are classified as available for sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. The cost of investments sold is determined by the specific identification method.

Concentration of Credit Risk

The Company maintains its operating cash accounts at commercial banks in California, Texas and Minnesota. The accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 per bank. At times some accounts may exceed FDIC limits. The Company limits the amount of credit exposure with any one financial institution and believes that no significant concentration of credit risks exists with respect to cash and cash equivalents.

Property and Equipment, Depreciation and Amortization

Property and equipment obtained in exchange for stock are carried at the fair market value of the equipment on the date of exchange. Property and equipment purchased is carried at cost as of the date of purchase.

Depreciation and amortization are computed using the straight-line method over the assets' expected useful lives. The useful lives of property and equipment for purposes of computing depreciation are:

Machinery & Equipment	3 years
Software	3 years

Repairs and maintenance are charged to operations when incurred. Costs of betterments, which materially extend the useful lives of the assets, are capitalized. Gains and losses from sales or disposition of assets are included in the statement of operation.

Goodwill, which represents the excess of the cost of purchased companies over the fair value of the underlying net assets at dates of acquisition, is being amortized over a 10-year period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

For the Company's financial instruments, the carrying value is considered to approximate the fair

value. Cash, prepaid expenses and accounts payable are settled so close to the balance sheet date that fair value does not differ significantly from the stated amounts.

Income Taxes

Income taxes are recognized during the year in which transactions enter into the determination of consolidated financial statement income, with deferred taxes being provided for temporary differences between amounts of assets and liabilities for financial report purposes and such amounts as measured by tax laws.

The consolidated financial statements of the Company include a provision for (benefit from) income taxes based on the consolidated results of operations for the parent company and its subsidiaries. For consolidated financial reporting purposes, the provision for income taxes using the consolidated results of operations was offset through the utilization of the parent company's net operating loss carryover.

Adjustments

In the opinion of management the data reflects all adjustments necessary for a fair consolidated statement of results for this period. All adjustments are of a normal and recurring nature.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising, if any, are capitalized and amortized over the period during which future benefits are expected to be received.

Reclassifications

Certain reclassifications were made to the 2000 financial statements in order for them to be in conformity with the 2001 presentation.

NOTE 1: MARKETABLE SECURITIES

Investments in marketable securities are summarized as follows at September 30, 2000:

Stockholders' equity includes an unrealized holding loss on available-for-sale securities of $41,468 as of September 30, 2000.

Realized gains and losses are determined on the basis of specific identification. Proceeds of $295,162 from the sales of marketable securities generated net realized gains as follows:

Realized gains	$ 26,006
Realized losses	15,587
Net realized gains	$ 10,419

NOTE 2: INVESTMENT IN CHINA NET & TECHNOLOGIES, INC.

China Net & Technologies, Inc. (CN&T) is a high technology and internet-related company that specializes in developing strategic relationships with emerging-growth, high-technology companies in China. A major shareholder of the Company is also a major shareholder of CN&T.

In March 2001, the Company and CN&T agreed to modify a previous agreement. CN&T returned 400,000 shares of the Company's common stock which had been previously valued at $1,000,000. Under the modification agreement, the 2,000,000 shares of CN&T were canceled. In exchange for a $100,000 license fee, CN&T issued the Company 500,000 shares of stock.

The impact of the equity method on this investment for the period ending September 30, 2001 and 2000 was a decrease of $562,135 and an increase of $28,550, respectively.

NOTE 3: INVESTMENT IN AMCOR FINANCIAL CORP.

Amcor Financial Corp. (Amcor) is a specialty finance company providing merchant banking services

in the form of real estate financing and financing of emerging growth companies. During the year ended September 30, 2000, the Company acquired 700,000 shares in Amcor in a non-cash transaction in exchange for stock, stock warrants and the cancellation of a note receivable. The valuation of the shares obtained was an agreed-upon value as of the date of the exchange based upon the market value of the Company's common stock on the closing date.

Also during the year ended September 30, 2000, the Company exchanged 300,000 shares (100,000 shares by the exercise of 100,000 Class B Warrants and 200,000 shares of common stock) for 300,000 shares of Amcor valued at $600,000. The Company also exchanged 253,960 shares (253,960 shares by the exercise of 253,960 Class A Warrants) for 100,000 restricted shares of Amcor common stock valued at $200,000. The Company also received an additional 300,000 shares of Amcor common stock from R Tucker and Associates, (a related entity) valued at $600,000 in cancellation of a note receivable owed to the Company from R Tucker and Associates, for a total initial investment of $1,400,000.

The impact of the equity method on this investment for the period ending September 30, 2001 and 2000 was a reduction of $636,733 and $116,232, respectively.

A major shareholder of the Company is also a major shareholder of Amcor.

NOTE 4: INVESTMENT IN SILICON RESOURCES

Silicon Resources provides integrated circuit design consulting services. During the year ended September 30, 2000, the Company acquired 1,900,452 restricted common shares of Silicon Resources valued at $1,103,800 in a non-cash transaction in exchange for 50,000 shares of the Company's stock valued at $250,000, cancellation of a note receivable valued at $103,800 and a license fee valued at $750,000. The Company accounted for this investment under the cost method.

In March 2001, the Company sold the Silicon Resources common stock to an affiliate for $3,800. The sale resulted in a loss on the sale of investment at cost of $1,100,000.

NOTE 5: LOAN PAYABLE TO CHINA NET & TECHNOLOGIES, INC.

China Net & Technologies, Inc. (formerly Corporate Finance Company) has loaned the Company certain funds to cover operating expenses. The balance due on the loan is $2,291 as of September 30, 2001 and 2000 and is covered by a non-interest bearing demand note.

NOTE 6: CAPITAL FUNDING

During the year ended September 30, 2000 the Company's common stock commenced trading on the Over-the-Counter Bulletin Board (TENS). The following summarizes the various stocks and warrant transactions as reported in the accompanying Statement of Changes in Stockholders' Equity for the years ended September 30, 2001 and 2000.

Note A – 15,000 Class B warrants were exercised for $75,000 in exchange for promotional services performed for China Net & Technologies, Inc. (a related entity) over 6 months commencing October 11, 1999 through April 10, 2000.

Note B – 20,000 Class A warrants were exercised for $20,000 in exchange for advertising services to be performed over three months commencing October 28, 1999 through January 24, 2000.

Note C – 35,000 Class A warrants were exercised for $28,000 in exchange for advertising services to be performed over six months commencing October 29, 1999 through April 29, 2000.

Note D – 5,000 Class A warrants were exercised for cash at $.80 per share. The cash from these warrants was deposited into the Company's checking account.

Note E – 1,000 Class A warrants were exercised for cash at $.80 per share. The cash from these warrants was deposited into the Company's checking account.

Note F – 1,000 Class A warrants were exercised for cash at $.80 per share. The cash from these warrants was deposited into the Company's checking account.

Note G – 10,000 Class A warrants were exercised for $8,000 in exchange for consulting services.

Note H – 50,000 Class A warrants were exercised for $50,000 in exchange for a partial payment owed to China Net & Technologies, Inc. for accrued consulting fees.

Note I – 13,000 Class A warrants were exercised for $13,000 in exchange for a partial payment owed to China Net & Technologies, Inc. for accrued consulting fees.

Note J – 60,000 restricted shares were issued in exchange for consulting services to be performed over 30 days and valued at $60,000.

Note K – 25,000 Class B warrants were exercised for $122,500 in exchange for consulting services performed for China Net & Technologies, Inc. (a related entity) to be performed over three months.

Note L – 20,000 Class A warrants were exercised for an aggregate value of $35,482. The cash from these warrants was deposited into the Company's checking account.

Note M – 100,000 Class B warrants were exercised and 200,000 shares were issued for $600,000 in exchange for 300,000 shares of Amcor's common stock.

Note N – 50,000 Class B warrants were exercised for $250,000, a note in the amount of $103,800 owed to the Company for an equipment lease was canceled, and a one time non-exclusive license fee with a value of $750,000 was exchanged for 1,900,452 shares of Silicon Resources (See Note 4).

Note O – 253,960 Class A warrants were exercised for $200,000 in exchange for 100,000 shares of Amcor.

Note P – 100,000 Class A warrants were exercised for $80,000 in exchange for services performed for China Net & Technologies, Inc. (a related entity) to be performed over the next year.

Note Q – 1,000,000 shares of the Company's common stock was contributed to the Company, canceled, and returned to the Company's authorized but unissued shares.

Note R – 340,000 restricted shares valued at $34,000 were issued in exchange for services performed for China Net & Technologies, Inc. (a related entity).

Note S – 100,000 Class B warrants were exercised to a related party for cash at $4.50 per share. The cash from these warrants was deposited into the Company's checking account.

Note T - 400,000 shares of common stock were exchanged for 2,000,000 restricted shares of common stock in China Net & Technologies, Inc.

Note U – 500,000 shares of common stock were exchanged for all the issued and outstanding common stock of Master Financial, Inc.

Note V – 10,000 shares were issued to a chip designer as a signing bonus.

Note W – 58,047 shares were issued to qualified investors pursuant to the special 10% stock dividend (See note 11).

Note X – 500,000 shares were issued to consultants in exchange for services valued at $50,000.

Note Y – 1,000,000 shares were issued to an affiliate for a promissory note in the amount of $100,000.

Note Z – 500,000 shares were issued pursuant to the exercise of 500,000 options at a price of $0.10 per share.

NOTE 7: STOCK OPTION PLANS

The Company has a stock option plan pursuant to Section 422A of the Internal Revenue Code and a non-incentive stock option plan. This plan grants options that can be exercised at a specified price. The Company filed Form S-8 reserving 3,000,000 shares of common stock for this plan. The Company discarded the previous plan and canceled the options issued under it.

In April 2001, the Company granted options to purchase 500,000 shares at $0.10 per share (the then current market price) which were promptly exercised.

NOTE 8: WARRANTS

As part of its funding activities, the Company has issued warrants for the purchase of common stock. Additional warrants may be issued in the future during additional offerings. As of September 30, 2001 and 2000, the following warrants were outstanding:

Class B – one warrant can purchase one common share

R Tucker and Associates –	21,000 warrants at $4.50 per share
George N. Haddad –	35,000 warrants at $4.50 per share

The warrants expire on May 31, 2002. The Company has the right to call the unexercised Class B Warrants before their expiration date at a price of 10 cents per warrant provided the bid price for the Company's common stock for 10 consecutive trading days is $5.50 or more.

NOTE 9: RISKS AND UNCERTAINTIES

As discussed in "Organization and Summary of Significant Accounting Policies", the Company was in the development stage from its inception on October 23, 1997 to September 30, 1999. Realization of a major portion of the assets is dependent upon the Company's ability to meet its future financing requirements, and the success of capital funding and future operations.

The Company has commenced a plan of strict limits on and control over costs, expenses, compensation and capital expenditures. The Company believes it will receive sufficient capital from the exercise of warrants and the repayment of notes from related and unrelated parties and the sale of an affiliate common stock, held by the Company.

The investments in marketable securities of $33,203 at September 30, 2000 were held available-for-sale. The investments in marketable securities were held by Master Financial Group, Inc., a subsidiary of the Company. The Company wrote off its investment in Master Financial as of September 30, 2001 (see note 15) and its investments in the marketable securities held by Master Financial.

NOTE 10: RELATED PARTY TRANSACTIONS

A director of the Company is also a director and major shareholder of R Tucker & Associates, Amcor Financial Corp. and China Net & Technologies, Inc. Transactions between the Company and these entities above have been described in Notes 2 and 3.

An accrued consulting fee as of September 30, 1999 was payable to China Net & Technologies, Inc. for services performed by Dennis Kaliher and Ronald S. Tucker. This liability was canceled during the year and September 30, 2000 in exchange for 63,000 shares of common stock (See note 6H&I) valued at $63,000, a cash payment of $66,800 and a $10,200 reduction in a note receivable from an affiliated company.

In December 1999 the Company issued China Net & Technologies, Inc. 100,000 shares of common stock valued at $80,000 for promotional services.

In March 2000 China Net & Technologies, Inc. issued to the Company 500,000 shares of its restricted common stock to reimburse the Company for promotional services, and in April 2000 the

Company exchanged 400,000 shares of restricted common stock for 2,000,000 shares of China Net & Technologies, Inc. restricted common stock. The Company also entered into a license agreement with China Net & Technologies, Inc. to manufacture and distribute its "web-modem" in China. The license was valued at $200,000. $100,000 was paid on signing the license agreement and the balance is due when engineering drawings are delivered for manufacturing the product.

In December 1999 the Company exchanged shares with Amcor, a related entity, whose President and a Director is also the President and a Director of the Company. The Company exchanged 300,000 shares of its common stock for 300,000 shares of Amcor's common stock valued at $600,000. The Company also exchanged 253,960 shares (253,960 Class A Warrants) for 100,000 restricted shares of Amcor common stock valued at $200,000. In addition, the Company received additional 300,000 shares of Amcor common stock from R Tucker and Associates (A related entity) valued at $600,000 in cancellation of a note receivable owed to the Company from R Tucker and Associates.

NOTE 11: STOCK DIVIDEND

On August 2, 1999 the Board of Directors authorized a 10% stock dividend payable to those investors who purchase the corporation's common stock in the open market between August 2, 1999 and October 31, 1999, register the shares in their name, and are the registered shareholder on July 31, 2000. The shares to be distributed by August 31, 2000. On October 2, 1999, the Board of Directors extended the date for purchasing common stock in the open market from October 31, 1999 to December 31, 1999. On December 1, 1999 the Board of Directors extended the date for purchasing common stock in the open market from December 31, 1999 to January 31, 2000 and advanced the record date to March 31, 2000 from July 31, 2000.

On June 2, 2000, the Company distributed 4,290 shares of common stock in connection with the 10% stock dividend that was authorized on August 2, 1999. As a result of the stock dividend, common stock was increased by $43, additional paid in capital was increased by $5,856, and retained earnings was decreased by $5,899. All references in the accompanying consolidated financial statements to the number of common shares and per-share amounts for September 30, 1999 have been restated to reflect the stock dividend.

On July 26, 2000, the Company distributed 49,737 shares of common stock in connection with the 10% stock dividend that was authorized on August 2, 1999. As a result of the stock dividend, common stock was increased by $497, additional paid in capital was increased by $64,783, and retained earnings was decreased by $65,280. All references in the accompanying consolidated financial statements to the number of common shares and per-share amounts for September 30, 1999 have been restated to reflect the stock dividend.

On August 23, 2000, the Company distributed 4,020 shares of common stock in connection with the 10% stock dividend that was authorized on August 2, 1999. As a result of the stock dividend, common stock was increased by $40, additional paid in capital was increased by $3,729, and retained earnings was decreased by $3,769. All references in the accompanying consolidated financial statements to the number of common shares and per-share amounts for September 30, 1999 have been restated to reflect the stock dividend.

NOTE 12: PREPAID EXPENSES

The Company exercised 300,000 Class A warrants and 50,000 Class B warrants in exchange for $500,000 in advertising and promotional services for the two year period starting October 1, 1999 (beginning of fiscal year 2000). Advertising and promotional services charged to operations for fiscal years 2000 and 1999 was $250,000 and $0, respectively, leaving $250,000 as a prepaid expense as of September 30, 2000.

NOTE 13: NAME CHANGE

At the annual meeting of Shareholders held in July 2000 the shareholders proposed and approved a change in the Company's name to "Tensleep Corporation".

NOTE 14: LICENSE FEES

In November 1999 the Company provided Silicon Resources, Inc., an unaffiliated company, a non-

exclusive license to use the Company's technology valued at $750,000 .

In March 2000 the Company granted a license to manufacture and distribute its "web-modem" in China to China Net & Technologies, Inc., an affiliate. The license was valued at $200,000, of which $100,000 was received on signing the license agreement and the was paid through the issuance of stock from CN&T.

NOTE 15: INVESTMENT IN MASTER FINANCIAL GROUP, INC.

On March 31, 2000, the Company acquired 100% of Master Financial Group, Inc. for 500,000 shares of the Company's common stock valued at $2.50 per share in a business combination accounted for as a purchase. Master Financial Group, Inc. is an Internet financial services company. The results of operations of Master Financial Group, Inc. are included in the accompanying consolidated financial statements since the date of acquisition. The total cost of the acquisition was $1,250,000, which exceeded the fair value of the net assets of Master Financial Group, Inc. by $1,087,352. The excess is reported as goodwill in the accompanying consolidated balance sheet and is being amortized on the straight line method over 10 years. An additional 200,000 shares of the Company's common stock may be issued to Master Financial Group, Inc. based on an earnings contingency. If the net earnings are more than $500,000 but less than $1,000,000, a portion of the 200,000 shares will be delivered.

Prior to September 30, 2000, the Company evaluated the recoverability or this investment relative to changes in market conditions and inadequate performance of Master Financial Group. The Company wrote down goodwill $750,000 as of the year ended September 30, 2000 and included the write down of goodwill in the consolidated statement of operations as asset impairment.

In March 2001, the Company decided to discontinue the operations of Master Financial and wrote off the balance of goodwill of $320,484. On September 30, 2001 the Company decided to write off its total investment in Master Financial. In connection with the discontinuance of operations, the Company has filed a lawsuit against the former president of Master Financial to recover the remaining net assets and the books and records.

NOTE 16: INVESTMENT IN TENSLEEP TECHNOLOGIES, INC.

In July 2000 the Company exchanged net assets valued at $1,199,631 for 5,000,000 shares of Tensleep Technologies, Inc., a wholly owned subsidiary under common control in a business combination accounted for as a pooling. Tensleep Technologies, Inc., will complete the development of a motor controller, a non-Internet product and focus on bringing-to-market penetration through strategic relationships, joint ventures and international marketing alliances.

In March 2001, Tensleep Technologies, Inc. transferred all of the investment in Silicon Resources, Inc. to the parent Company, which sold the investment to R Tucker & Associates, Inc., an affiliate of the Company, for $3,800 due to its inability to obtain financial information or sell the stock to an unrelated third party. The transaction was completed with the receipt of a cash payment in May 2001. For financial reporting purposes, the subsidiary transferred the investment to the parent Company and reduced its additional paid in capital. Upon the sale to its affiliate, the parent Company recorded a loss on the sale of the investment of $1,100,000.

NOTE 17: INCOME TAXES

The Company has not generated any taxable income and therefore a provision for income taxes is not necessary. Similarly, a provision for deferred taxes is not necessary. For income tax purposes, the Company had available, at September 30, 2000 and 1999, net operating loss ("NOL") carryforwards of approximately $2,332,245 and $2,066,377 respectively, which will expire in various years from 2018 through 2019. A valuation allowance was provided in full against the net deferred tax assets resulting from the losses because the utilization of the NOL is dependent on future taxable profits.

NOTE 18: DUE FROM TENSLEEP APPLIANCE

The Company has loaned Tensleep Appliance, a related entity, certain funds to cover start-up expenses. The balance due to the Company is $119,911 and $50,000 as of September 30, 2001 and 2000 and is secured by 1,700,000 shares of Tensleep Appliance stock. When the loan is paid

back by Tensleep Appliance there is an agreement providing the opportunity for the Company to purchase the 1,700,000 shares of Tensleep Appliance stock for $100,000.

TENSLEEP CORPORATION
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001

Schedule 1

ASSETS

	Parent Tensleep Corporation	Subsidiary Tensleep Technology	Consolidating Entries	Consolidated Totals
CURRENT ASSETS				
Cash	$ 104,084	$ 105	$ -	$ 103,969
Due From Tensleep Appliance	109,911	-	-	109,911
Due from Amcor Financial Corp	100,000	-	-	100,000
Royalty Receivable	76,666	-	-	76,666
Due From Tensleep Technology	13,500	-	(13,500)	-
Loan Receivable	50,000	-	-	50,000
Total Current Assets	454,161	105	(13,500)	440,766
PROPERTY AND EQUIPMENT				
Machines & Equipment	-	102,358	-	102,358
Software	-	172,371	-	172,371
	-	274,729	-	274,729
Less accumulated depreciation and amortization	-	274,729	-	274,729
Net Property and Equipment	-	-	-	-
OTHER ASSETS				
Investment in China Net & Tech	210,000	-	-	210,000
Investment in Amcor Fin Corp.	647,035	-	-	647,035
Discontinued Operations	-	-	-	-
Investment in Tensleep Tech	200,137	-	(200,137)	-
Total Other Assets	1,057,172	-	(200,137)	857,035
TOTAL ASSETS	$ 1,511,333	$ 105	$ (200,137)	$1,311,301

TENSLEEP CORPORATION
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2001

Schedule 1

LIABILITIES AND STOCKHOLDERS' EQUITY

	Parent Tensleep Corporation	Subsidiary Tensleep Technology	Consolidating Entries	Consolidated Totals
CURRENT LIABILITIES				
Accounts Payable	$	$ 488	$ -	$ 488
Loan payable to China Net & Tech	2,291	-	-	2,291
Accrued Consulting Fees	75,000	-	-	75,000
Due to Tensleep Corp.	-	13,500	(13,500)	-
Total Current Liabilities	77,291	13,988	(13,500)	77,779
TOTAL LIABILITIES	77,291	13,988	(13,500)	77,779
STOCKHOLDERS' EQUITY				
Preferred stock	-	-	-	-
Common stock				
Tensleep Corporation	100,120	-	-	100,120
Tensleep Technology	-	50,000	(50,000)	-
Treasury stock	-	-	-	-
Additional paid-in capital				
Tensleep Corporation	7,122,201	-	-	7,122,201
Tensleep Technology	-	150,137	(150,137)	-
Retained Earnings	(5,788,279)	(214,020)	-	(6,002,299)
TOTAL STOCKHOLDERS' EQUITY	1,434,042	(13,883)	(200,137)	1,220,022
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$1,511,333	$ 105	$ (213,637)	$ 1,297,801

The accompanying notes are an integral part of these statements.

TENSLEEP CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2001

Schedule 2

	Parent Tensleep Corporation	Subsidiary Tensleep Technology	Consolidating Entries	Consolidated Totals
REVENUES				
Royalty Income (See note 18)	$ 158,312	$ -	$ -	$ 158,312
Other Income	43	997	-	1,040
	158,355	997	-	159,352
EXPENSES				
Advertising	3,810	-	-	3,810
Automobile expense	2,562	1,002	-	3,564
Consulting expense	454,200	1,000	-	456,200
Depreciation and Amortization	-	46,075	-	46,075
Office supplies & Expense	4,991	7,554	-	12,545
Office expenses	3,693	9,134	-	12,827
Payroll & Payroll Taxes	-	8,694	-	8,694
Professional fees & outside ser	61,100	4,224	-	64,324
Telephone & Utilities	2,518	1,585	-	4,103
Travel & Entertainment	22,400	5,206	-	27,606
	554,274	84,474	-	638,748
INCOME (LOSS) FROM OPERATIONS	(395,919)	(83,477)	-	(479,396)
OTHER INCOME (EXPENSE)				
Interest Income	5,674	5	-	5,679
Income (loss) on equity investment	(2,298,867)	-	-	(2,298,867)
Asset Impairment	(500,000)	-	-	(500,000)
	(2,793,193)	5	-	(2,793,188)
PROVISION FOR INCOME TAX	-	-	-	-
NET INCOME (LOSS)	$(3,189,112)	(83,472)	-	(3,272,584)

The accompanying notes are an integral part of these statements.

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2002 AND 2001

ASSETS

	2002	2001
CURRENT ASSETS		
Cash	$ 124,157	$ 132,240
Marketable securities	-	-
Prepaid expenses	-	125,000
Other receivables	-	-
Due from Tensleep Appliance	149,488	102,233
Due from Amcor Financial Corp.	100,000	182,000
License fee receivable	-	-
Royalty receivable	27,240	14,816
Loan receivable	50,000	20,820
Total Current Assets	450,885	577,110
PROPERTY AND EQUIPMENT		
Machinery and equipment	102,358	102,658
Software	172,371	172,371
	274,729	275,029
Less accumulated depreciation and amortization	274,729	274,385
Net Property and Equipment	-	644
OTHER ASSETS		
Discontinued Operations	-	200,000
Investment in China Net & Technologies, Inc., at equity	210,000	818,667
Investment in Amcor Financial Corp., at equity	647,035	1,249,543
Investments, Miscellaneous	-	-
Total Other Assets	857,035	2,268,210
TOTAL ASSETS	$ 1,307,920	$ 2,845,964

See accompanying notes.

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2002 AND 2001

LIABILITIES AND STOCKHOLDERS' EQUITY

	2002	2001
CURRENT LIABILITIES		
Accounts payable	$ 1,441	$ 24,966
Loan payable to China Net & Technologies, Inc.	2,291	2,291
Accrued consulting fees	79,000	75,000
Total Current Liabilities	82,732	102,257
TOTAL LIABILITIES	82,732	102,257
STOCKHOLDERS' EQUITY		
Preferred stock, no stated value, 10,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, $.01 stated value, 50,000,000 shares authorized, 10,012,023 and 8,412,023 shares issued	104,120	102,321
Additional paid-in capital	7,122,201	7,108,409
Allowance for unrealized losses on marketable equity securities	-	-
Accumulated deficit	(6,001,133)	(4,467,023)
TOTAL STOCKHOLDERS' EQUITY	1,225,188	2,743,707
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,307,920	$ 2,845,964

See accompanying notes.

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001

	2002	2001
REVENUES		
License fees	$ -	$ -
Royalty income	81,185	34,564
Other income	-	1,940
Total Revenues	81,185	36,504
EXPENSES		
Advertising and promotion	190	795
Automobile expense	9,331	2,446
Consulting expense	20,200	241,000
Depreciation and amortization	-	45,731
Office supplies and expenses	-	478
Other expenses	13,117	25,276
Payroll and payroll taxes	-	6,742
Professional fees and outside services	23,500	40,958
Product development costs	-	-
Telephone and utilities	1,643	1,789
Travel and entertainment	8,998	13,510
Total Expenses	76,979	378,725
INCOME (LOSS) FROM OPERATIONS	4,206	(342,221)
OTHER INCOME (EXPENSE)		
Interest income	960	4,042
Loss on equity investments	-	(1,091,693)
Asset impairment	-	(300,000)
Net realized gain on marketable securities	-	-
Total Other Income (Expense)	960	(1,387,651)
PROVISION FOR INCOME TAXES	-	-
NET GAIN (LOSS)	$ 5,166	$(1,729,872)

See accompanying notes.

TENSLEEP CORPORATION & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

F0R THE YEARS ENDED SEPTEMBER 30, 2001 and 2000

	See Note	Date	Number of shares	Consideration	Common stock	Additional paid-in capital	Retained Earnings	Allowance for Unrealized Gains and Losses on Marketable Equity Securities	Total
Balance at September 30, 2000			**8,412,023**		**84,120**	**7,938,201**	**(2,407,193)**	**(41,468)**	**5,573,660**
Stock issued		**11/10/00**	**500,000**	**Non-cash**	**5,000**	**45,000**	**-**	**-**	**50,000**
Stock issued		**03/07/01**	**1,000,000**	**Non-cash**	**10,000**	**90,000**	**-**	**-**	**100,000**
Recission write-down		**03/31/01**	**(400,000)**	**Non-cash**	**(4,000)**	**(996,000)**	**-**	**-**	**(1,000,000)**
Stock issued		**04/16/01**	**500,000**	**Cash**	**5,000**	**45,000**	**-**	**-**	**50,000**
Master Financial - Prior retained earnings			**-**		**-**	**-**	**(322,522)**	**-**	**(322,522)**
Net loss for 2001			**-**		**-**	**-**	**(3,272,584)**	**41,468**	**(3,231,116)**
Balance at September 30, 2001			**10,012,023**		**$ 100,120**	**$7,122,201**	**-$6,002,299**	**$ -**	**$ 1,220,022**

See accompanying notes.

TENSLEEP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001

	2002	2001
CASH FLOW FROM OPERATING ACTIVITIES		
Net gain (loss)	$ 5,179	$ (1,729,872)
Adjustments to reconcile net loss to net cash used in operations:		
Depreciation and amortization	-	45,731
Loss on equity investments	-	32,739
Asset impairment	-	474,980
(Increase) decrease in assets:		
Prepaid expenses	-	125,000
Royalty receivable	49,383	20,475
Account receivable	-	100,000
Loan receivable	-	9,180
Increase (decrease) in liabilities:		
Accounts payable	1,484	24,211
Accrued consulting fees	-	75,000
Net cash used by operating activities	56,046	(855,296)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to affiliate	(35,973)	(52,233)
Purchases of machinery and equipment	-	(645)
Non-Cash Reduction in value - China Net	-	853,468
Non-Cash Reduction in value - Amcor Financial	-	34,226
Reduction in Goodwill - Master Financial	-	320,484
Loss on Sale of Silicon Resources	-	1,103,800
Recision of Agreement	-	(829,792)
Net cash provided (used) by investing activities	(35,973)	1,429,308
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan payments on borrowings from affiliate	-	(182,000)
Net cash provided by financing activities	-	(182,000)
NET INCREASE (DECREASE) IN CASH	20,073	(392,014)
CASH, beginning of period	104,084	524,255
CASH, end of period	$ 124,157	$ 132,241

See accompanying notes.

TENSLEEP CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MARCH 31, 2002 AND 2001

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Tensleep Corporation (formerly Tensleep.com, Inc., Tensleep Technologies, Inc. and Tensleep Design, Inc.), a Colorado Corporation (the "Company"), is a technology holding company. The Company acquires and licenses technology; identifies, acquires, and develops development-stage technology and service companies; and focuses on integrating its communications products and technology, called Information Appliances ("IA"), with other products or devices. IA's are products that gather information or data from other products or devices, manages the data and transmits the data to a centralized location via the Internet. Tensleep is continually seeks out and evaluates products to be integrated with its IA's in new market areas.

The Company is focusing on the acquisition and development of companies in the United States, China and Europe developing products for niche markets. The current emphasis is on companies providing energy management systems to the power and utility industries and their customers. The Company believes retail competition and energy deregulation in the power and utility industries are best supported by the development and implementation of EMS. The Company's and its affiliates' technology and products are well suited to play a critical role in the implementation of those systems.

Energy management systems provide power and utility companies and their customers with load management, data collection and outage reporting capabilities. The Company's and its affiliates' technology and products are at the core of those systems.

Consolidation Policy

The consolidated financial statements include the accounts of The Company and all of its wholly owned and majority-owned subsidiaries. All intercompany transactions and balances have been eliminated. The Company's investments in 17% to 50% owned affiliates in which it has the ability to exercise significant influence over operating and financial policies are accounted for using the equity method. Accordingly, the Company's share of the earnings of these companies is included in consolidated net income. Investments in other companies are carried at cost.

Development Stage Company

The Company was formed on October 23, 1997 and was in the development stage through September 30, 1999. During this period of time the Company did not generate any income from operations. The Company's activities were devoted to raising capital and obtaining financing. The current year ending September 30, 2000 is the first fiscal year during which the Company began active operations pertaining to technology and license agreements.

Product Development Costs

Product development costs are expensed as incurred. At September 30, 2000 such costs were $95,926. Prior to commencing operations the Company incurred research and development costs which were also charged to operations when incurred. Research and development costs were $0 for the year ending September 30, 2001 and six months ending March 31, 2002.

Cash and Cash Equivalents

For the purposes of financial statement reporting, the Company considers all liquid investments with maturity of 3 months or less to be cash equivalents.

Marketable Securities

Marketable Securities consisted of common stock for the year ended September 30, 2000. Marketable securities were stated at market value as determined by the most recently traded price of each security at the balance sheet date. The Company's investments in marketable equity securities are held for an indefinite period and thus are classified as available for sale. Available-for-sale securities are carried at fair value, with the unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. The cost of investments sold is determined by the specific identification method.

Concentration of Credit Risk

The Company maintains its operating cash accounts at commercial banks in California and Texas. The accounts at the banks are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $100,000 per bank. At times some accounts may exceed FDIC limits. The Company limits the amount of credit exposure with any one financial institution and believes that no significant concentration of credit risks exists with respect to cash and cash equivalents.

Property and Equipment, Depreciation and Amortization

Property and equipment obtained in exchange for stock are carried at the fair market value of the equipment on the date of exchange. Property and equipment purchased is carried at cost as of the date of purchase.

Depreciation and amortization are computed using the straight-line method over the assets' expected useful lives. The useful lives of property and equipment for purposes of computing depreciation are:

Machinery & Equipment	3 years
Software	3 years

Repairs and maintenance are charged to operations when incurred. Costs of betterments, which materially extend the useful lives of the assets, are capitalized. Gains and losses from sales or disposition of assets are included in the statement of operation.

Goodwill, which represents the excess of the cost of purchased companies over the fair value of the underlying net assets at dates of acquisition, is being amortized over a 10-year period.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments

For the Company's financial instruments, the carrying value is considered to approximate the fair value. Cash, prepaid expenses and accounts payable are settled so close to the balance sheet date that fair value does not differ significantly from the stated amounts.

Income Taxes

Income taxes are recognized during the year in which transactions enter into the determination of consolidated financial statement income, with deferred taxes being provided for temporary differences between amounts of assets and liabilities for financial report purposes and such amounts as measured by tax laws.

The consolidated financial statements of the Company include a provision for (benefit from) income taxes based on the consolidated results of operations for the parent company and its subsidiaries. For consolidated financial reporting purposes, the provision for income taxes using the consolidated results of operations was offset through the utilization of the parent company's net operating loss carryover.

Adjustments

In the opinion of management the data reflects all adjustments necessary for a fair consolidated statement of results for this period. All adjustments are of a normal and recurring nature.

Advertising

Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising, if any, are capitalized and amortized over the period during which future benefits are expected to be received.

Reclassifications

Certain reclassifications were made to the 2000 financial statements in order for them to be in conformity with the 2001 presentation.

NOTE 1: INVESTMENT IN CHINA NET & TECHNOLOGIES, INC.

China Net & Technologies, Inc. (CN&T) is a high technology and internet-related company that specializes in developing strategic relationships with emerging-growth, high-technology companies in China. A major shareholder of the Company is also a major shareholder of CN&T.

In March 2001, the Company and CN&T agreed to modify a previous agreement. CN&T returned 400,000 shares of the Company's common stock which had been previously valued at $1,000,000. Under the modification agreement, the 2,000,000 shares of CN&T were canceled. In exchange for a $100,000 license fee, CN&T issued the Company 500,000 shares of stock.

The impact of the equity method on this investment for the period ending September 30, 2001 and 2000 was a decrease of $562,135 and an increase of $28,550, respectively.

NOTE 2: INVESTMENT IN AMCOR FINANCIAL CORP.

Amcor Financial Corp. (Amcor) is a specialty finance company providing merchant banking services in the form of real estate financing and financing of emerging growth companies. During the year ended September 30, 2000, the Company acquired 700,000 shares in Amcor in a non-cash transaction in exchange for stock, stock warrants and the cancellation of a note receivable. The valuation of the shares obtained was an agreed-upon value as of the date of the exchange based upon the market value of the Company's common stock on the closing date.

Also during the year ended September 30, 2000, the Company exchanged 300,000 shares (100,000 shares by the exercise of 100,000 Class B Warrants and 200,000 shares of common stock) for 300,000 shares of Amcor valued at $600,000. The Company also exchanged 253,960 shares (253,960 shares by the exercise of 253,960 Class A Warrants) for 100,000 restricted shares of Amcor common stock valued at $200,000. The Company also received an additional 300,000 shares of Amcor common stock from R Tucker and Associates, (a related entity) valued at $600,000 in cancellation of a note receivable owed to the Company from R Tucker and Associates, for a total initial investment of $1,400,000.

The impact of the equity method on this investment for the period ending September 30, 2001 and 2000 was a reduction of $636,733 and $116,232, respectively.

A major shareholder of the Company is also a major shareholder of Amcor.

NOTE 3: INVESTMENT IN SILICON RESOURCES

Silicon Resources provides integrated circuit design consulting services. During the year ended September 30, 2000, the Company acquired 1,900,452 restricted common shares of Silicon Resources valued at $1,103,800 in a non-cash transaction in exchange for 50,000 shares of the Company's stock valued at $250,000, cancellation of a note receivable valued at $103,800 and a license fee valued at $750,000. The Company accounted for this investment under the cost method.

In March 2001, the Company sold the Silicon Resources common stock to an affiliate for $3,800. The sale resulted in a loss on the sale of investment at cost of $1,100,000.

NOTE 4: LOAN PAYABLE TO CHINA NET & TECHNOLOGIES, INC.

China Net & Technologies, Inc. (formerly Corporate Finance Company) has loaned the Company certain funds to cover operating expenses. The balance due on the loan is $2,291 as of September 30, 2001 and 2000, and March 31, 2002, and is covered by a non-interest bearing demand note.

NOTE 5: CAPITAL FUNDING

During the year ended September 30, 2000 the Company's common stock commenced trading on the Over-the-Counter Bulletin Board (TENS) and withdrew in December 2001. The following summarizes the various stocks and warrant transactions as reported in the accompanying Statement of Changes in Stockholders' Equity for the years ended September 30, 2001.

Note X – 500,000 shares were issued to consultants in exchange for services valued at $50,000.

Note Y – 1,000,000 shares were issued to an affiliate for a promissory note in the amount of $100,000.

Note Z – 500,000 shares were issued pursuant to the exercise of 500,000 options at a price of $0.10 per share.

NOTE 6: STOCK OPTION PLANS

The Company has a stock option plan pursuant to Section 422A of the Internal Revenue Code and a non-incentive stock option plan. This plan grants options that can be exercised at a specified price. The Company filed Form S-8 reserving 3,000,000 shares of common stock for this plan. The Company discarded the previous plan and canceled the options issued under it.

In April 2001, the Company granted options to purchase 500,000 shares at $0.10 per share (the then current market price) which were promptly exercised.

NOTE 7: RISKS AND UNCERTAINTIES

As discussed in "Organization and Summary of Significant Accounting Policies", the Company was in the development stage from its inception on October 23, 1997 to September 30, 1999. Realization of a major portion of the assets is dependent upon the Company's ability to meet its future financing requirements, and the success of capital funding and future operations.

The Company has commenced a plan of strict limits on and control over costs, expenses, compensation and capital expenditures. The Company believes it will receive sufficient capital from royalty income, the repayment of notes from related and unrelated parties and the sale of an affiliate common stock, held by the Company.

The investments in marketable securities of $33,203 at September 30, 2000 were held available-for-sale. The investments in marketable securities were held by Master Financial Group, Inc., a subsidiary of the Company. The Company wrote off its investment in Master Financial as of September 30, 2001 (see note 15) and its investments in the marketable securities held by Master Financial.

NOTE 8: RELATED PARTY TRANSACTIONS

A director of the Company is also a director and major shareholder of R Tucker & Associates, Amcor Financial Corp. and China Net & Technologies, Inc. Transactions between the Company and these entities above have been described in Notes 2 and 3.

An accrued consulting fee as of September 30, 1999 was payable to China Net & Technologies, Inc. for services performed by Dennis Kaliher and Ronald S. Tucker. This liability was canceled during the year and September 30, 2000 in exchange for 63,000 shares of common stock (See note 6H&I) valued at $63,000, a cash payment of $66,800 and a $10,200 reduction in a note receivable from an affiliated company.

In DECEMBER 1999 the Company issued China Net & Technologies, Inc. 100,000 shares of common stock valued at $80,000 for promotional services.

In March 2000 China Net & Technologies, Inc. issued to the Company 500,000 shares of its restricted common stock to reimburse the Company for promotional services, and in April 2000 the Company exchanged 400,000 shares of restricted common stock for 2,000,000 shares of China Net & Technologies,

Inc. restricted common stock. The Company also entered into a license agreement with China Net & Technologies, Inc. to manufacture and distribute its "web-modem" in China. The license was valued at $200,000. $100,000 was paid on signing the license agreement and the balance is due when engineering drawings are delivered for manufacturing the product.

In December 1999 the Company exchanged shares with Amcor, a related entity, whose President and a Director is also the President and a Director of the Company. The Company exchanged 300,000 shares of its common stock for 300,000 shares of Amcor's common stock valued at $600,000. The Company also exchanged 253,960 shares (253,960 Class A Warrants) for 100,000 restricted shares of Amcor common stock valued at $200,000. In addition, the Company received additional 300,000 shares of Amcor common stock from R Tucker and Associates (A related entity) valued at $600,000 in cancellation of a note receivable owed to the Company from R Tucker and Associates.

NOTE 9: STOCK DIVIDEND

On August 2, 1999 the Board of Directors authorized a 10% stock dividend payable to those investors who purchase the corporation's common stock in the open market between August 2, 1999 and October 31, 1999, register the shares in their name, and are the registered shareholder on July 31, 2000. The shares to be distributed by August 31, 2000. On October 2, 1999, the Board of Directors extended the date for purchasing common stock in the open market from October 31, 1999 to December 31, 1999. On December 1, 1999 the Board of Directors extended the date for purchasing common stock in the open market from December 31, 1999 to January 31, 2000 and advanced the record date to March 31, 2000 from July 31, 2000.

On June 2, 2000, the Company distributed 4,290 shares of common stock in connection with the 10% stock dividend that was authorized on August 2, 1999. As a result of the stock dividend, common stock was increased by $43, additional paid in capital was increased by $5,856, and retained earnings was decreased by $5,899. All references in the accompanying consolidated financial statements to the number of common shares and per-share amounts for September 30, 1999 have been restated to reflect the stock dividend.

On July 26, 2000, the Company distributed 49,737 shares of common stock in connection with the 10% stock dividend that was authorized on August 2, 1999. As a result of the stock dividend, common stock was increased by $497, additional paid in capital was increased by $64,783, and retained earnings was decreased by $65,280. All references in the accompanying consolidated financial statements to the number of common shares and per-share amounts for September 30, 1999 have been restated to reflect the stock dividend.

On August 23, 2000, the Company distributed 4,020 shares of common stock in connection with the 10% stock dividend that was authorized on August 2, 1999. As a result of the stock dividend, common stock was increased by $40, additional paid in capital was increased by $3,729, and retained earnings was decreased by $3,769. All references in the accompanying consolidated financial statements to the number of common shares and per-share amounts for September 30, 1999 have been restated to reflect the stock dividend.

NOTE 10: PREPAID EXPENSES

The Company exercised 300,000 Class A warrants and 50,000 Class B warrants in exchange for $500,000 in advertising and promotional services for the two year period starting October 1, 1999 (beginning of fiscal year 2000). Advertising and promotional services charged to operations for fiscal years 2000 and 1999 was $250,000 and $0, respectively, leaving $250,000 and $0 as a prepaid expense as of September 30, 2000 and September 30, 2001, respectively.

NOTE 11: NAME CHANGE

At the annual meeting of Shareholders held in July 2000 the shareholders proposed and approved a change in the Company's name to "Tensleep Corporation".

NOTE 12: LICENSE FEES

In November 1999 the Company provided Silicon Resources, Inc., an unaffiliated company, a non-exclusive license to use the Company's technology valued at $750,000 .

In March 2000 the Company granted a license to manufacture and distribute its "web-modem" in China to

China Net & Technologies, Inc., an affiliate. The license was valued at $200,000, of which $100,000 was received on signing the license agreement and the was paid through the issuance of stock from CN&T.

NOTE 13: INVESTMENT IN MASTER FINANCIAL GROUP, INC.

On March 31, 2000, the Company acquired 100% of Master Financial Group, Inc. for 500,000 shares of the Company's common stock valued at $2.50 per share in a business combination accounted for as a purchase. Master Financial Group, Inc. is an Internet financial services company. The results of operations of Master Financial Group, Inc. are included in the accompanying consolidated financial statements since the date of acquisition. The total cost of the acquisition was $1,250,000, which exceeded the fair value of the net assets of Master Financial Group, Inc. by $1,087,352. The excess is reported as goodwill in the accompanying consolidated balance sheet and is being amortized on the straight line method over 10 years. An additional 200,000 shares of the Company's common stock may be issued to Master Financial Group, Inc. based on an earnings contingency. If the net earnings are more than $500,000 but less than $1,000,000, a portion of the 200,000 shares will be delivered.

Prior to September 30, 2000, the Company evaluated the recoverability or this investment relative to changes in market conditions and inadequate performance of Master Financial Group. The Company wrote down goodwill $750,000 as of the year ended September 30, 2000 and included the write down of goodwill in the consolidated statement of operations as asset impairment.

In March 2001, the Company decided to discontinue the operations of Master Financial and wrote off the balance of goodwill of $320,484. On September 30, 2001 the Company decided to write off its total investment in Master Financial. In connection with the discontinuance of operations, the Company has filed a lawsuit against the former president of Master Financial to recover the remaining net assets and the books and records.

NOTE 14: INVESTMENT IN TENSLEEP TECHNOLOGIES, INC.

In July 2000 the Company exchanged net assets valued at $1,199,631 for 5,000,000 shares of Tensleep Technologies, Inc., a wholly owned subsidiary under common control in a business combination accounted for as a pooling. Tensleep Technologies, Inc., will complete the development of a motor controller, a non-Internet product and focus on bringing-to-market penetration through strategic relationships, joint ventures and international marketing alliances.

In March 2001, Tensleep Technologies, Inc. transferred all of the investment in Silicon Resources, Inc. to the parent Company, which sold the investment to R Tucker & Associates, Inc., an affiliate of the Company, for $3,800 due to its inability to obtain financial information or sell the stock to an unrelated third party. The transaction was completed with the receipt of a cash payment in May 2001. For financial reporting purposes, the subsidiary transferred the investment to the parent Company and reduced its additional paid in capital. Upon the sale to its affiliate, the parent Company recorded a loss on the sale of the investment of $1,100,000.

NOTE 15: INCOME TAXES

The Company has not generated any taxable income and therefore a provision for income taxes is not necessary. Similarly, a provision for deferred taxes is not necessary. For income tax purposes, the Company had available, at September 30, 2000 and 1999, net operating loss ("NOL") carryforwards of approximately $2,332,245 and $2,066,377 respectively, which will expire in various years from 2018 through 2019. A valuation allowance was provided in full against the net deferred tax assets resulting from the losses because the utilization of the NOL is dependent on future taxable profits.

NOTE 16: DUE FROM TENSLEEP APPLIANCE

The Company has loaned Tensleep Appliance, a related entity, certain funds to cover start-up expenses. The balance due to the Company is $119,911 and $50,000 as of September 30, 2001 and 2000 and is secured by 1,700,000 shares of Tensleep Appliance stock. When the loan is paid back by Tensleep Appliance there is an agreement providing the opportunity for the Company to purchase the 1,700,000 shares of Tensleep Appliance stock for $100,000.

PART III

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

None.

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

DIRECTORS AND EXECUTIVE OFFICERS

The following are the Officers, Directors, and Key Management of Tensleep.

Name	Position
Ronald S. Tucker	Director and Chief Executive Officer and Chief Financial Officer
Robert A. Wright	Director
Leticia I. Tucker	Director and Secretary/Treasurer
Dennis Kaliher	Vice President

Ronald S. Tucker, 63, Chief Executive Officer, Chief Financial Officer and Director, is the founder of Tensleep. In 1996, Mr. Tucker founded China Net & Technologies, Inc. and is now a director and its President. Mr. Tucker since September 1999 has been a director and is the Chief Executive Officer of Amcor. Since 1990, to present, Mr. Tucker was the founder and has been the President and director of R Tucker & Associates, Inc, a financial and corporate development consulting firm. Mr. Tucker is a graduate of the University of California at Los Angeles where he received a Bachelor of Science while majoring in finance and accounting. Mr. Tucker is also a graduate of the Loyola University School of Law. Mr. Tucker is a member of the California and Texas Bar Associations.

Leticia I. Tucker, 60, is a Director and is the Secretary/Treasurer of Tensleep. She is a past director of Tensleep Corporation of that Company. She is the wife of Ronald S. Tucker, and for more than ten years has provided accounting and financial services for various small businesses.

Robert A. Wright, 65, has been a Director of Tensleep since April 2001. Mr. Wright is and has been a director and the President of Amcor since July 2001. U, October 2000 Mr. Wright was a director and officer of USA Biomass Corporation (OTC:USBC). Mr. Wright has been and now is general partner or co-general partner for several agricultural real estate partnerships which were not organized by Tensleep or its affiliates. Mr. Wright received a Bachelor of Science degree in Business from the University of Colorado in 1958.

Dennis E. Kaliher, age 65, is a founder and Vice President of Tensleep and the President of Tensleep Technologies, Inc., and is a former Director of Tensleep. He has more than thirty years of experience in telecommunications and semiconductor product design, engineering, marketing and corporate management. Mr. Kaliher has participated in the growth of data modems, fax modems and other communications devices for the telecommunications industry. Mr. Kaliher received his BEE from the University of Minnesota.

Each director serves for a term of one year and is subject to reelection at the annual meeting of shareholders.

ITEM 10. EXECUTIVE COMPENSATION.

Tensleep's officers and directors, during this time, to conserve capital, have agreed to work for no compensation but reimbursement of business expenses, out of pocket costs and consulting fees as cash is available. At a time the Board determines is appropriate, Tensleep will enter employment agreements with the officers and establish compensation for the directors. Tensleep, at its year end September 30, 2000 and 2001, paid both Ronald S. Tucker and Dennis Kaliher a consulting fee of less than $60,000 each.

QUALIFIED AND NON QUALIFIED STOCK OPTIONS

The board of directors and shareholders for Tensleep have adopted a Qualified and Non Qualified Stock Option Plan pursuant to Sections 421-424 of the Internal Revenue Code. The Plan authorizes the granting of up to 1,500,000 and 1,500,000 options to purchase Company common stock under the Qualified and Non Qualified Plan, respectively. The Plan is administered by the Board of Directors or by a committee appointed by the Board. As of September 30, 2001 no one had Qualified or Non Qualified Options exercisable within five years.

EMPLOYMENT AGREEMENTS

Tensleep at this time has not entered an employment agreement with any of the officers or directors.

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

Tensleep, as of June 1, 2002, had 10,012,023 shares of its common stock issued and outstanding. The following schedule tabulates holders of Common Stock of Tensleep by each person who holds or record or is known by Management of Tensleep to own beneficially more than five percent (5%) of the Common Stock outstanding, and, in addition, by all Officers and Directors of Tensleep Individually, and as a group. The Shareholders listed below have sole voting and investment power.

Ownership more than 5%

Class of Securities	Name	Number of Shares	Percent of Outstanding
Common Stock	Capital Reserve Management P.O. Box 2352 Hamilton, Burmuda	650,000	6.5%
Common Stock	R Tucker & Associate, Inc.[1] 79860 Tangelo La Quint, CA	3,668,588	36.6%
Common Stock	Dennis Kaliher2 3802 Frodo Cove Austin, TX	1,082,127	10.8%
Common Stock	Amcor Financial Corp 89025 52nd Avenue Coachella, CA	2,052,200	20.5%
	Total	7,452,915	74.4%

[1] Ronald S. and Leticia I. Tucker are majority shareholders of both R Tucker & Associates, Inc. and China Net & Technologies, which owns 403,428 shares that are included above.

[2] Dennis Kaliher is the majority stockholder of Sundance Design, Inc., a Texas corporation, which owns 200,000 shares which are included.

Management

Class of Securities	Name	Number of Shares	Percent of Outstanding
Common Stock	Ronald S. Tucker[1] 79860 Tangelo La Quint, CA	3,673,048	36.7%
Common Stock	Dennis Kaliher[2] 3802 Frodo Cove Austin, TX	1,082,127	10.8%
Common Stock	Robert A. Wright 400 Mary Lane Maplewood, MN	100,000	1.0%
	All Directors & Officers As a Group	4,855,175	48.5%

[1] These shares include 4,450 shares in their names as joint tenants, 3,265,160 shares by R Tucker & Associates, 403,438 shares by Corporate Finance Company.

[2] These shares include 200,000 in the name of Sundance Design, Inc., a Texas corporation.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Tensleep on or about November 10, 1997 issued 4,500,000 shares of Common Stock at a stated value of $.01 per share to the R Tucker & Associates in exchange for an assignment of $45,000. The $45,000 was invested in liquid securities as of November 1, 1997. These securities are carried at book value. R Tucker & Associates, Inc., is a corporate financial consulting firm. Ronald S. and Leticia I. Tucker are principal shareholders and are also officers and directors. It is a private company.

The issuer on or about November 10, 1997 issued 1,000,000 investment units to Corporate Finance Company in exchange for 80,000 shares of Corporate Finance Company common stock valued at $2.50 per share. The value of CFC common stock was based on sales for cash and non-cash consideration to unaffiliated third persons, during the preceding six months, at $2.50 per share. Each investment unit of Tensleep consists of one share of its common stock and one Class A Warrant to purchase one share of its common stock. The first 500,000 Class A Warrants has an exercise price of $.40 per share and the last 500,000 Class A Warrants may be exercised at $.80 per share. Corporate Finance Company is a specialty finance company. It provides financing to small companies that expect to become publicly trading companies. The primary shareholders of CFC and R Tucker & Associates are Ronald S. and Leticia I. Tucker. They are also officers and directors. Corporate Finance Company and R Tucker & Associates are affiliates of Tensleep.

In October 1997, during negotiations for the acquisition of the Licensor's technology, Mr. Kaliher agreed and authorized Mr. Tucker to use the name "Tensleep Design, Inc." for a Colorado corporation. Mr. Tucker formed Tensleep to acquire either a nonexclusive license or all the ownership rights to the technology.

Tensleep through Mr. Tucker and the Licensor through Mr. Kaliher executed the license agreement on December 23, 1997. The license agreement, negotiated at arms length, granted a non exclusive perpetual license to the "Licensed Technology." The licensed Technology included Licensor's Previous Results, Firmware, Services, Technical Information, and Products, including the DSP Core (a/DSC321, a/DSC421, a/DSC521 technology), and any and all items related thereto, and any and all derivatives, improvements, revisions, versions, and/or modifications of the Licensed Technology owned by Licensor. At the time of entering the license agreement, Mr. Kaliher was not associated or affiliated with Tensleep. Mr. Kaliher had entered no agreement, understanding, or commitment that he would become affiliated with or become an officer, director or shareholder of Tensleep. The value of the license was set at $250,000 and was payable by the issuance of 500,000 shares of Tensleep's common stock. The transaction, the value of the license and the consideration was approved by the board of directors of both companies. The license was valued at more than 1/5 of the license fee paid by Zilog for a similar license from the Licensor approximately two years earlier. Besides the license fee Tensleep was to pay a royalty based on the gross revenues of Tensleep from sales of the Licensed products.

Tensleep and the Licensor executed the “Purchase Agreement” on January 23, 1998. Mr. Tucker negotiated this agreement with Mr. Kaliher. The Licensor agreed to sell all its rights, title and ownership interests in its technology. This included all Research and Development Property, equipment and software listed on its balance sheet as of the year end for 1996. In addition, it included all contracts re sales of licenses and Products or engineering services, all molds, prototypes, tooling and/or dies, and production credits subject to existing licenses. It also included the release of the royalties provided for in the License Agreement. The value for all the described assets was placed at $1,500,000 and the Purchase Agreement if the purchase price would be paid with the issuance of 300,000 investment units of Tensleep’s securities issued pursuant to a qualified Regulation A offering under the Securities Act of 1933, as amended (the “Act”). The transaction, the value of the assets and the consideration was approved by the board of directors of both companies. At the time of entering the Purchase Agreement, Mr. Kaliher was not associated or affiliated with Tensleep. There was no agreement, understanding, or commitment that Mr. Kaliher would become affiliated with or an officer, director or shareholder of Tensleep. The total development cost of the Licensor’s technology was in excess of $7,000,000 and the cost of the Licensor’s equipment and integrated circuit design software was in excess of $500,000. The agreed to value of $1,500,000 considered the development costs of the technology, the cost of the equipment and design software, and the license fee of $1,200,000 paid by Zilog, Inc.

On January 30, 1998, the Licensor executed and delivered Tensleep a Bill of Sale pursuant to the Purchase Agreement and issued an invoice in the aggregate of $1,500,000 apportioned among the assets purchased pursuant to the Purchase Agreement.

On January 31, 1998, Mr. Tucker asked Mr. Kaliher to become the President, chief executive officer and a director of Tensleep, which Mr. Kaliher accepted.

On June 18, 1998, Tensleep acquired technology and equipment/software to support integrated circuit design from LS Squared, Inc. (“LS2"), an unaffiliated company, valued at $100,000 and Mr. Tucker acquired all the issued and outstanding common stock of LS2 with a payment of $100. This technology and equipment and integrated circuit design software was received by Tensleep in exchange for 100,000 shares of Tensleep’s common stock. CFC facilitated this transaction by assigning and exercising 100,000 Class A Warrants and Tensleep acquired the technology, equipment and integrated circuit design software from LS2 as consideration for the purchase of the shares.

Tensleep, as of the year end in 1998, authorized the accrual of a consulting fee of $120,000 for the services of Ronald S. Tucker valued at $80,000 and Dennis Kaliher valued at $40,000 for the year ending September 30, 1998. In December 1998 common stock was issued in cancellation of the indebtedness. The cancellation was based on $5 per share and assigned the shares to others designated by Ronald S. Tucker and Dennis Kaliher. The shares were issued for the cancellation of indebtedness pursuant to the Regulation A Offering that became effective November 6, 1998.

In December 1998 R Tucker & Associates, a related party, issued a promissory note for $765,200 to Tensleep in exchange for the purchase of 137,00 investment units pursuant to the Regulation A Offering, the exercise of 88,000 Class A warrants, and the cancellation of a $50,000 note previously issued to a third party and transferred to Tensleep.

In March 1999 Tensleep reduced a Note Receivable from R Tucker and Associates in exchange for 80,000 shares of the common stock in Corporate Finance Company valued at $200,000.

Tensleep, as of the year end in 1999, authorized the accrual of a consulting fee of $140,000 payable to Corporate Finance Company for the services of Ronald S. Tucker valued at $100,000 and Dennis Kaliher valued at $40,000 for the year ending September 30, 1999.

SIGNATURES

The undersigned hereby certifies that the information herein is true and correct to the best of their knowledge and belief

Tensleep Corporation



June 10, 2002 By _____
Chief Executive Officer