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ARBOR ENTECH CORP  
Form 10KSB  
July 29, 2003

U.S. Securities and Exchange Commission  
Washington, D.C. 20549

Form 10-KSB

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the Fiscal Year ended April 30, 2003

/ / TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from ..... to .....  
Commission file number 000 30432

ARBOR ENTECH CORPORATION

-----  
(Name of Small Business Issuer in its charter)

Delaware

22-2335094

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer Identification No.)

RD 1, Box 1076, Little Marsh, Pennsylvania

16931

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Issuer's telephone number (570) 376-2217

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

Title of each class  
to be so registered

Name of each exchange on which  
each class is to be registered

NONE

NASD BULLETIN BOARD

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

Common

-----  
(Title of class)

Check whether the issuer (1) filed all reports required to be filed by  
Section 13 or 15(d) of the Exchange Act during the past 12 months (or such  
shorter period that the registrant was required to file such reports), and (2)  
has been subject to such filing requirements for the past 90 days.

Yes / / No /X/

Check if there is no disclosure of delinquent filers in response to item  
405 of Regulation SB not contained in this form, and no disclosure will be  
contained, to the best of registrant's knowledge, in definitive proxy or  
information statements incorporated by reference in Part III of this Form 10-KSB  
or any amendment to this Form 10-KSB /X/



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and packaged and palletized. Garden stakes are purchased precut and are banded with a UPC code for customer delivery.

### CUSTOMERS

Substantially all of Arbor's products are sold to Home Depot Inc. for resale at its retail outlets. Arbor has no written agreement with Home Depot with respect to any of its sales to Home Depot. Arbor believes it has a good relationship with Home Depot, but sales to Home Depot have diminished during the past year and the number of Home Depot stores to which Arbor sells its products has also decreased. Were Home Depot sales to substantially further diminish or cease for any reason, Arbor's business would not be viable unless it developed relationships with Home Depot's competitors in this area, such as other home centers, lawn and garden shops, hardware stores and supermarkets.

### SUPPLIERS

Arbor obtains logs, cut firewood and garden stakes from many independent loggers. Arbor believes that if it could no longer obtain its raw logs and firewood from loggers it currently utilizes, there are many alternate sources of supply, including commencing logging operations on its own forest land.

### COMPETITION

Arbor competes with many other wood product companies. Some of the major competitors are Ultraflame and Ossipee. Arbor also competes with numerous small suppliers, local tree companies and others who sell wood by the cord. Arbor competes on the basis of price, consistency of product quality and prompt delivery. Arbor also competes with paper firelog companies and with suppliers of metal plant cages and stakes. Arbor has no information on its competitive position within the industry because of the lack of public availability of relevant information.

### INTELLECTUAL PROPERTY

The trademark "Arborlogs(R)" has been registered with the U.S. Trademark and Copyright Office. This trademark expires on March 13, 2004, but Arbor expects to renew the trademark for an additional 10 year term. While there can be no guarantee that some entity will not attempt to utilize the same name, we believe we have taken adequate steps to protect this trademark.

### GOVERNMENTAL REGULATION

There are no government regulations which materially impact our packaging and distribution operations, except for regulations promulgated by OSHA (the U.S. Occupational Safety and Health Agency), pursuant to which we are required to maintain a safe warehouse environment for our workers, and by state departments of weights and measures with respect to the labeling of our products.

### PERSONNEL

Arbor is a seasonal employer. The number of employees ranges from a high of approximately 31 from September to January to 4 in the remaining months. One is an officer, who is full-time, one is a full-time foreman and from 2 to 29 full-time employees are in the wood preparation and packaging area. Sales and marketing is undertaken by Arbor's Executive Vice President; a foreman oversees production at the Pennsylvania facility. Arbor's president and treasurer serve in a part-time capacity and do not devote a substantial amount of time to the affairs of Arbor. There are no employment contracts with any employee and no

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employee is unionized.

### HOW TO CONTACT ARBOR

Arbor's principal executive offices are located on Route 349, RD 1, Box 1076, Little Marsh, Pennsylvania, and its telephone number is (570) 376-2217.

Arbor is required to file quarterly and annual reports with the Securities and Exchange Commission. In the event Arbor's obligation to file these reports is suspended under the Securities and Exchange Act of 1934, it is Arbor's intention to continue to file such reports; however, this determination may be modified. The public may read and copy this Form 10-KSB and any other materials filed with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>.

### ITEM 2. DESCRIPTION OF PROPERTY

Arbor owns a lumber mill facility located on 102 acres of property in Little Marsh, Pennsylvania. The mill consists of an enclosed structure of 17,000 square feet, with a 7,000 outdoor overhang for airing of inventory and another outdoor overhang of more than 10,000 feet

to hold inventory so that Arbor can respond more quickly to orders. Approximately 12 acres of the property is devoted to Arbor's work area and the remaining 90 acres are forest land. The real property is mortgaged to Mark Shefts, Secretary/Treasurer and a director of Arbor, to secure a credit line Mr. Shefts extended to Arbor in the amount of \$100,000.

### ITEM 3. LEGAL PROCEEDINGS

Arbor is not currently involved in any outstanding legal proceedings nor was it in the fiscal year ended April 30, 2003. In the ordinary course of business Arbor may become involved in proceedings involving workers' compensation, trucking issues and disputes involving orders, none of which is expected to have a material adverse effect on its business.

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

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year.

## PART II

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

Arbor's Common Stock is traded on the NASD OTC Bulletin Board.

Arbor's Common Stock is currently considered to be "penny stock" and as such is subject to a variety of requirements under the Securities Exchange Act of 1934, as amended. Penny stocks are low-priced shares of small companies not traded on an exchange or quoted on Nasdaq. Prices often are not available. Investors in penny stocks often are unable to sell stock back to the broker/dealer that sold them the stock. Thus, investment in a penny stock can be very risky. Prior to effecting a transaction in a penny stock, a brokerage firm must deliver a standardized risk disclosure statement to the customer which describes the risks involved, the duties of the broker to the customer and the

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rights and remedies available, the nature of bid and ask prices in the penny stock market and a toll-free telephone number to provide information on disciplinary histories. Further, the broker/dealer must disclose the bid and ask prices, the number of shares to which the prices apply, and the amount and description of any compensation received by the broker/dealer. Prior to the transaction the broker/dealer must approve the person's account for transactions involving penny stocks by obtaining from the person information concerning the person's financial situation, investment experience and investment objectives and reasonably determine, based on such information, that transactions in penny stocks are suitable for that person and that the person has sufficient knowledge and experience in financial matters that the person reasonably may be expected to be capable of evaluating the risks of transactions in penny stocks. Finally, the broker/dealer must receive from the customer a signed and dated written acknowledgment of receipt of the disclosure document disclosing the basis on which the broker/dealer made the suitability determination, and on which the person agrees in writing to the specific transaction. Each customer must also receive a monthly statement indicating the market value of the penny stocks owned by the customer. These requirements, while offering a

great deal of customer protection, negatively affect liquidity in the penny stock market by making the process both more selective and more time consuming.

No dividends were declared on our stock in the last two fiscal years.

There were no sales of securities by Arbor during the last three years.

### ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with our financial statements, any notes related thereto, and the other financial data included elsewhere in this Annual Report on Form 10-KSB. This discussion contains forward looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward looking statements. We have not made any significant change in our accounting practices and policies in the past fiscal year.

#### GENERAL

We are a wood products company that has been in business since 1980. Our business has increased over the years. We are almost wholly dependent on sales to Home Depot.

#### RESULTS OF OPERATIONS

##### FISCAL YEAR ENDED APRIL 30, 2003 COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2002

Net sales for the fiscal year ended April 30, 2003, were approximately \$791,000, a decrease of approximately \$569,000 or 42% as compared to net sales of approximately \$1,360,000 for the fiscal year ended April 30, 2002. Net sales decreased primarily due to decreased orders from Home Depot and a decrease in the number of Home Depot stores served.

Cost of sales were approximately \$494,000 for fiscal 2003, a decrease of approximately \$265,000, or 35% over fiscal 2002 cost of sales of approximately \$759,000. Cost of sales as a percentage of net sales was approximately 62% for fiscal 2003 compared to approximately 56% for fiscal 2002. This increase was primarily attributable to an increase in product costs during fiscal 2003 that could not be passed on to Home Depot.

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Selling, general and administrative expenses were approximately \$479,000 for fiscal 2003, a decrease of approximately \$210,000, or 30% over fiscal 2002 selling, general and administrative expenses of approximately \$689,000. This decrease was due primarily to decreases in warehouse costs, and salaries and related costs of approximately \$164,000, and other general expenses of approximately \$46,000.

Interest income for fiscal 2003 was approximately \$1,600, a decrease of approximately \$4,200, or 33%, over fiscal 2002 interest income of approximately \$5,800. This decrease was primarily attributable to a decrease in the rate of interest along with lower cash balances.

Other income for fiscal 2003 was approximately \$1,000 compared to approximately \$6,000 for fiscal 2002.

Arbor incurred a net loss of approximately \$180,000 for the fiscal year ended April 30, 2003 compared to a net loss of approximately \$78,000 for the fiscal year ended April 30, 2002.

The results of operations for the fiscal year ended April 30, 2003 are not necessarily indicative of the results for any future interim or fiscal year period.

### FISCAL YEAR ENDED APRIL 30, 2002 COMPARED TO THE FISCAL YEAR ENDED APRIL 30, 2001

Net sales for the fiscal year ended April 30, 2002, were approximately \$1,360,000, an increase of approximately \$163,000 or 14% as compared to net sales of approximately \$1,197,000 for the fiscal year ended April 30, 2001. Net sales increased due to additional sales to Home Depot.

Cost of sales were approximately \$759,000 for fiscal 2002, an increase of approximately \$166,000, or 28% over fiscal 2001 cost of sales of approximately \$593,000. Cost of sales as a percentage of net sales was approximately 56% for fiscal 2002 compared to approximately 50% for fiscal 2001. This increase was primarily attributable to an increase in product costs during fiscal 2002 that was not passed on in increased sales prices to Home Depot.

Selling, general and administrative expenses were approximately \$689,000 for fiscal 2002, an increase of approximately \$90,000, or 15% over fiscal 2001 selling, general and administrative expenses of approximately \$599,000. This increase was due primarily to increases in warehouse costs, salaries and related costs of approximately \$31,000, and other general expenses of approximately \$59,000.

Interest income for fiscal 2002 was approximately \$5,800. a decrease of approximately \$2,800, or 33% over fiscal 2001 interest income of approximately \$8,600. This decrease was primarily attributable to a decrease in the rate of interest along with lower cash balances.

Other income for fiscal 2002 was approximately \$6,000 compared to approximately \$21,000 for fiscal 2001. This decrease of approximately \$15,000 was primarily attributable to the receipt of funds distributed as a result of a class action settlement with certain market makers in fiscal 2001.

The income tax provision decreased from approximately \$50,000 for the fiscal year ended April 30, 2001, to approximately \$1,000 for the fiscal year ended April 30, 2002. This decrease was primarily attributable to the loss incurred in fiscal 2002.

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Arbor incurred a net loss of approximately \$78,000 for the fiscal year ended April 30, 2002 compared to a net loss of approximately \$16,000 for the fiscal year ended April 30, 2001.

### LIQUIDITY AND CAPITAL RESOURCES

In the periods discussed above, Arbor's working capital requirements have been met primarily from sales of its wood products. At April 30, 2003 we had a working capital of approximately \$575,000.

As at April 30, 2003, we had cash and cash equivalents of approximately \$302,000, which represented 45% of total assets. Arbor believes it has adequate working capital and will generate net revenues adequate to fund its operations for at least the next 12 months.

Net cash used by operations for the year ended April 30, 2003, was approximately \$4,000. Net loss of \$180,000 was reduced by non-cash depreciation charges of \$15,000. Cash used by operations was further reduced by decreases in accounts receivable, inventories and prepaid expenses of approximately \$165,000. Net cash used by operations was increased by decreases in accounts payable and taxes payable of \$4,000.

Net cash provided by financing activities for the year ended April 30, 2003 was \$54,000 as a result of related party loan repayments.

### ITEM 7. FINANCIAL STATEMENTS

#### REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors and Stockholders  
Arbor EnTech Corporation

We have audited the accompanying balance sheet of Arbor EnTech Corporation as of April 30, 2003, and the related statements of operations, stockholders' equity, and cash flows for each of the two years in the period ended April 30, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Arbor EnTech Corporation as of April 30, 2003, and the results of its operations and its cash flows for each of the two years in the period ended April 30, 2003 in conformity with accounting principles generally accepted in the United States of America.

WOLINETZ, LAFAZAN & COMPANY, P.C.

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Rockville Centre, New York  
June 16, 2003

ARBOR ENTECH CORPORATION  
BALANCE SHEET  
APRIL 30, 2003

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 302,287
Accounts Receivable	227,005
Inventories	65,123
Prepaid Expenses	35,866
	-----
Total Current Assets	630,281
Property, Plant and Equipment (Net of Accumulated Depreciation of \$99,054)	
	41,004
	-----
	\$ 671,285
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts Payable	\$ 55,329
	-----
Total Current Liabilities	55,329
	-----
Commitments and Contingencies	
Stockholders' Equity:	
Common Stock, \$.001 Par Value; Authorized 10,000,000 Shares; Issued and Outstanding 7,050,540 Shares	7,050
Additional Paid-In Capital	2,296,905
Retained Earnings (Deficit)	(619,411)
Notes Receivable - Related Parties	(1,068,588)
	-----
Total Stockholders' Equity	615,956
	-----
	\$ 671,285
	=====

The accompanying notes are an integral part of the financial statements.

ARBOR ENTECH CORPORATION  
STATEMENT OF OPERATIONS



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	Years Ended April 30,	
	2003	2002
Sales - Net	\$ 791,332	\$ 1,360,139
Costs and Expenses:		
Cost of Sales	493,826	759,053
Selling, General and Administrative Expenses	479,402	689,046
	973,228	1,448,099
(Loss) from Operations	(181,896)	(87,960)
Other Income:		
Interest Income	1,577	5,771
Other	780	5,915
	2,357	11,686
(Loss) Before Provision for Income Taxes	(179,539)	(76,274)
Provision for Income Taxes	200	1,479
Net (Loss)	\$ (179,739)	\$ (77,753)
Loss Per Common Share - Basic	\$ (.03)	\$ (.01)
Weighted Average Shares Outstanding	7,050,540	7,050,540

The accompanying notes are an integral part of the financial statements.

ARBOR ENTECH CORPORATION  
STATEMENT OF STOCKHOLDERS' EQUITY  
YEARS ENDED APRIL 30, 2002 AND 2003

	Common Stock		Additional	Retained	Not
	Shares	Amount	Paid-In	Earnings	Receiv
	-----	-----	-----	(Deficit)	Rela
	-----	-----	-----	-----	Par
Balance - April 30, 2001	7,050,540	\$ 7,050	\$ 2,145,896	\$ (361,919)	\$ (1,0
Capital Contributed	--	--	82,473	--	
Accrued Interest on Loans to Related Parties - Net	--	--	--	--	(

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Net Loss	--	--	--	(77,753)	
Balance - April 30, 2002	7,050,540	7,050	2,228,369	(439,672)	(1,0
Capital Contribution	--	--	68,536	--	
Accrued Interest on Loans to Related Parties - Net	--	--	--	--	(
Net Loss	--	--	--	(179,739)	
Balance - April 30, 2003	7,050,540	\$ 7,050	\$ 2,296,905	\$ (619,411)	\$ (1,0

The accompanying notes are an integral part of the financial statements.

ARBOR ENTECH CORPORATION  
STATEMENT OF CASH FLOWS

	Years Ended April 30,	
	2003	2002
Cash Flows from Operating Activities:		
Net (Loss)	\$ (179,739)	\$ (77,753)
Adjustments to Reconcile Net (Loss) to Net Cash (Used) in Operating Activities:		
Depreciation	14,923	13,572
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	80,802	(251,956)
(Increase) Decrease in Inventories	79,116	(19,401)
(Increase) Decrease in Prepaid Expenses	4,743	(4,009)
(Decrease) in Accounts Payable	(2,105)	(28,363)
(Decrease) in Taxes Payable	(1,479)	(50,444)
Total Adjustments	(176,000)	(340,601)
Net Cash (Used) in Operating Activities	(3,739)	(418,354)
Cash Flows from Investing Activities:		
Capital Expenditures	--	(9,058)
Net Cash (Used) in Investing Activities	--	(9,058)
Cash Flows from Financing Activities:		
Proceeds of Loans to Related Parties	54,000	54,000

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	-----	-----
Net Cash Provided by Financing Activities	54,000	54,000
	-----	-----
Increase (Decrease) in Cash and Cash Equivalents	50,261	(373,412)
Cash and Cash Equivalents - Beginning of Year	252,026	625,438
	-----	-----
Cash and Cash Equivalents - End of Year	\$ 302,287	\$ 252,026
	=====	=====

The accompanying notes are an integral part of the financial statements.

ARBOR ENTECH CORPORATION  
STATEMENT OF CASH FLOWS  
(Continued)

	Years Ended April 30,	
	-----	-----
	2003	2002
Supplemental Cash Flow Information:		
Cash Paid for Interest	\$ --	\$ --
	=====	=====
Cash Paid for Income Taxes	\$ 5,662	\$ 50,033
	=====	=====
Supplemental Disclosure of Non-Cash Investing Activities:		
Deposits Applied to Capital Expenditures	\$ --	\$ 10,000
	=====	=====
Accrued Interest on Related Parties Loans Receivable Credited to Additional Paid-In Capital	\$ 68,536	\$ 82,473
	=====	=====

The accompanying notes are an integral part of the financial statements.

ARBOR ENTECH CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2003

NOTE 1 - NATURE OF BUSINESS

Arbor EnTech Corporation (the "Company") is a Delaware corporation that engages in the production and wholesale distribution of wood products for home use, principally fireplace wood and garden stakes. The Company's products are produced, packaged in and distributed from its facility in Little Marsh, Pennsylvania. The products are delivered by independent truckers to customer locations in the Northeastern United States.

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### CASH AND CASH EQUIVALENTS

The Company considers all highly liquid short-term investments with a maturity of three months or less at time of purchase to be cash equivalents.

#### INVENTORIES

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

#### PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets. Expenditures for maintenance and repairs are charged to expense as incurred whereas major betterments and renewals are capitalized.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### REVENUE RECOGNITION

Sales are recorded as products are shipped.

#### INCOME TAXES

The Company utilizes the liability method of accounting for income taxes. Under such method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect at the balance sheet date. The resulting asset or liability is adjusted to reflect enacted changes in tax law. Future tax benefits attributable to temporary differences are recognized to the extent that realization of such benefits is more likely than not.

ARBOR ENTECH CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2003

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### LOSS PER COMMON SHARE

The computation of earnings (loss) per share of common stock is computed by dividing income (loss) for the year by the weighted average number of common shares outstanding during that period. Since the Company has no common stock equivalents outstanding diluted earnings (loss) per share is the same as basic earnings (loss) per share.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

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The fair value of the Company's financial instruments, which consist primarily of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts reported because of their short-term nature.

### CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentration of credit risk consist of cash and cash equivalents. At times, such amounts are in excess of the FDIC insurance limits.

The Company's customer base is comprised primarily of one major national retailer. The Company routinely assesses the financial strength of its customers and records an allowance for doubtful accounts when it determines that collection of a particular amount is unlikely.

### NOTE 3 - INVENTORIES

Inventories consist of the following:

Raw Materials	\$	57,805
Finished Goods		7,318
		-----
	\$	65,123
		=====

### NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

		Estimated Useful Life
		-----
Land	\$ 22,058	-
Building and Improvements	61,114	15 & 31 Years
Machinery and Equipment	4,300	5 Years
Computers	12,804	3 Years
Automotive Equipment	39,782	5 Years
	-----	
	140,058	
Less: Accumulated Depreciation	99,054	
	-----	
	\$ 41,004	
	=====	

ARBOR ENTECH CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2003

### NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (Continued)

The land and building are collateralized by a mortgage held by the Company's Secretary/Treasurer (see Note 7).

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NOTE 5 - NOTES RECEIVABLE - RELATED PARTIES

Notes receivable from related parties consists of amounts due from two affiliated companies. These loans are classified as a reduction of stockholders' equity. Although the loans bear interest such interest is not recorded as income for financial statement purposes but as additional contributed capital. In November 1999 the remaining two loans were memorialized into 10 year promissory notes bearing interest at 10% per annum, which was reduced to 7% per annum in October 2001. The notes are payable in equal annual installments of \$108,789 and interest on the notes is payable semi-annually.

The notes consist of the following:  
Receivable from:

Rushmore Financial Services, Inc. (a)	\$	784,024
Attain Technology, Inc. (b)		195,072
		-----
		979,096
Accrued Interest		89,492
		-----
	\$	1,068,588
		=====

- (a) A corporation wholly owned by Mr. Shefts and Mr. Houtkin.
- (b) A wholly owned subsidiary of Rushmore Financial Services, Inc.

The Company has not received the annual principal payments in the amount of \$108,789 that were due November 18, 2001 and 2002.

ARBOR ENTECH CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2003

NOTE 6 - INCOME TAXES

Income tax provision consisted of the following:

	Years Ended April 30,	
	2003	2002
	-----	-----
Current		
Federal	\$ -	\$ 833
State	200	646
	-----	-----
	200	1,479
	-----	-----
Deferred		
Federal	-	-

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State	-	-
	-----	-----
	-	-
	-----	-----
	\$ 200	\$ 1,479
	=====	=====

The following is a reconciliation of the US statutory income tax rate and the effective tax rate on pretax income:

	Years Ended April 30,	
	2003	2002
	-----	-----
US federal statutory rate	34%	34%
State taxes, net of federal tax benefit	(0)	(.60)
Permanent differences	(14.46)	(41.60)
Other, net	(19.54)	6.26
	-----	-----
Effective tax rate	(.00%)	(1.94%)
	=====	=====

The Company had deferred tax assets of approximately \$38,000 at April 30, 2003, resulting primarily from capital loss carryforwards. The deferred tax assets have been fully offset by a valuation allowance resulting from the uncertainty surrounding the future realization of the capital loss carryforwards.

ARBOR ENTECH CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2003

NOTE 7 - COMMITMENTS AND CONTINGENCIES

LEGAL

The Company may be subject to legal proceedings and claims which may arise in the ordinary course of its business. Currently, the Company is not a party to any known legal proceedings.

LINE OF CREDIT

The Company has a revolving credit facility with its Secretary/Treasurer, secured by a mortgage on the Company's real property located in Tioga County, Pennsylvania. This revolving line of credit provides for the extension of credit in the aggregate principal amount of \$100,000 with interest at 11% per annum. Principal and interest are payable on demand. There was no balance due at April 30, 2003 on this credit facility.

NOTE 8 - MAJOR CUSTOMERS

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Net sales to a major national retailer in 2003 and 2002 accounted for approximately 100% of net sales each year.

As of April 30, 2003, 100% of accounts receivable are amounts due from one major national retailer.

### NOTE 9 - RELATED PARTY TRANSACTIONS

The Company paid \$54,000 in administrative fees to a Company owned by two of its significant stockholders during the years ended April 30, 2003 and 2002, respectively.

### ITEM 8. MAJOR CUSTOMERS.

Net sales to a major national retailer in 2003 and 2002 accounted for more than 99% of net sales each year.

As of April 30, 2003, 100% of accounts receivable are amounts due from one major national retailer.

## PART III

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

Executive Officers and Directors	Age	Positions
Harvey Houtkin	54	Chairman of the Board, Chief Executive Officer, President
Wanda Shefts	45	Executive Vice President, Director
Mark Shefts	45	Secretary/Treasurer, Director
Sherry Houtkin	52	Director

HARVEY I. HOUTKIN founded Arbor EnTech Corporation in October 1980 and has been our Chairman of the Board, Chief Executive Officer and President since inception. Mr. Houtkin held a seat on the New York Stock Exchange from 1984 to 1988 and is Chairman of the Board, Chief

Executive Officer, Secretary and co-owner of Domestic Securities, Inc., an NASD registered broker/dealer which operated a floor brokerage business on that Exchange during the time the seat was owned. Domestic now operates the ATTAIN(R) electronic communications network and engages in proprietary trading. From April 1993 through the present Mr. Houtkin has been Chairman of the Board, Chief Executive Officer and Secretary of All-Tech Direct, Inc. ("All-Tech"), which formerly operated as a securities broker/dealer and is now inactive. From September 1996 to January 1997 he also served as president of All-Tech but not as Secretary. Mr. Houtkin graduated from Baruch College of the City University of New York in 1970 with a Bachelor of Science Degree and in 1973 with a Masters Degree in Business Administration.



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WANDA SHEFTS was the Vice President and a director of Arbor 1982 through April 1987 and from February 1993 through the present. She has an Associates Degree from Kingsborough Community College.

MARK D. SHEFTS was the Secretary/Treasurer and a director of Arbor from 1982 through April 1987 and from February 1993 through the present. He is a member of the Chicago Stock Exchange and is President, Treasurer and a co-owner of Domestic Securities, Inc., an NASD registered broker/dealer which operated a floor brokerage business on the New York Stock Exchange from 1984 to 1988 and which now owns the ATTAIN(R) ECN and engages in proprietary trading. He has been a principal of All-Tech Direct, Inc., which formerly operated as a securities broker/dealer, since early 1988 and has been its President, Chief Operating Officer, Chief Financial Officer, Treasurer and a Director since such time. From September 1996 to January 1997 he was the Secretary of All-Tech and during such period he did not hold the office of President. Mr. Shefts is licensed as a Commodity Pool Operator and a Commodity Trading Advisor by the National Futures Association. He is also a Certified Financial Services Auditor of the National Association of Financial Services Auditors, a Certified Fraud Examiner of the Association of Certified Fraud Examiners, and an arbitrator for the American Arbitration Association and NASD Dispute Resolution, Inc. Mr. Shefts graduated in 1979 from Brooklyn College of the City of New York with a Bachelor of Science Degree in Accounting.

SHERRY HOUTKIN has been a director of Arbor since February 1994. She has studied at Rockland Community College and Ramapo College.

Mark Shefts and Wanda Shefts are husband and wife. Harvey Houtkin and Wanda Shefts are brother and sister. Harvey Houtkin and Sherry Houtkin are husband and wife.

Mark Shefts and Harvey Houtkin, officers, directors and principal shareholders of Arbor, have not been required to file any Form 4's during the most recent fiscal year because they neither bought nor sold shares of Arbor.

### ITEM 10. EXECUTIVE COMPENSATION

#### Summary Compensation Table

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation
Harvey Houtkin: CEO & Pres.	2003	--	--	--
	2002	--	--	--
	2001	--	100,000	--
Wanda Shefts, VP, Dir.	2003	\$ 125,000	\$ 15,000	--
	2002	127,404	20,000	--
	2001	97,785	37,000	--
Mark Shefts, SEC/Treas Director	2003	--	--	--
	2002	--	--	--

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2001

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100,000

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## EMPLOYMENT AGREEMENTS

Arbor has no employment agreements with any of its employees, including Wanda Shefts, its Executive Vice President.

## STOCK OPTION PLANS

Arbor has no stock option or bonus plans for its employees.

## LIMITATIONS ON LIABILITY AND INDEMNIFICATION MATTERS

As authorized by the Delaware General Corporation Law, Arbor's By-Laws provide that Arbor will indemnify any person who was or is a party or is threatened to be made a party to any action or proceeding by reason of such person's being an officer, director, employee or agent of Arbor if that person acted in good faith in a manner that person reasonably believed to be in or not opposed to the best interest of Arbor. Section 145 of the Delaware General Corporation Law permits indemnification of any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person was an officer, director, employee or agent of the corporation if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the person's conduct was not unlawful.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act"), may be permitted to Arbor's directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable.

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

The following table sets forth information known to Arbor, as of the date of this Annual Report, relating to the beneficial ownership of shares of common stock of Arbor: by each person who is known by Arbor to be the beneficial owner of more than five percent of the outstanding shares of common stock; each director or person who has agreed to become a director; and all executive officers and directors as a group.

Unless otherwise indicated, the address of each beneficial owner in the table set forth below is 160 Summit Avenue, Montvale, New Jersey 07645.

A person is deemed to be the beneficial owner of securities that can be acquired by him or her within 60 days from the date of this annual report upon the exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that options, warrants or convertible securities that are held by him or her, but not those held by any other person, and which are exercisable within 60 days of the date of this annual report, have been exercised and converted.

NAME AND ADDRESS OF  
BENEFICIAL OWNER

NUMBER OF SHARES  
BENEFICIALLY OWNED

PERCENTAGE OF SHARES  
BENEFICIALLY OWNED

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Harvey Houtkin((1) (2)	3,554,000	50.4%
Wanda Shefts(1) (2)	159,100	2.6%
Mark Shefts(1) (2)	3,554,000	50.4%
Sherry Houtkin(1) (2)	159,000	2.2%
All directors and executive officers as a group (4 persons)	6,949,900	98.6%

(1) The address of such person is 160 Summit Avenue, Montvale, NJ 07645.

(2) Such person may be deemed to be the owner of 159,100 of such shares by virtue of his/her being a control person of Solar Products, Sun-Tank, Inc. In the case of these 159,000 shares, the

beneficial owner has shared voting and investment power. With respect to all other shares, the record owner has sole investment and voting power over the shares.

ITEM 12. RELATED PARTY TRANSACTIONS

During the fiscal year ended April 30, 2003, Arbor acted as lender under two ten year loans which bore interest at 7% a year to two affiliated companies. The borrowers are Attain Technology, Inc. and Rushmore Financial Services, Inc. Attain Technology is wholly owned by Rushmore. Rushmore is owned 50% by Harvey Houtkin and 50% by Mark Shefts, officers, directors and principal shareholders of Arbor. Arbor has not received the principal payments in the amount of \$108,789 due November 18, 2001 and November 18, 2002, or the interest payments aggregating approximately \$92,000 due on May 18, 2003, on those notes.

As of April 30, 2003, the amounts owed to Arbor were as follows:

Rushmore Financial Services, Inc.	\$ 784,024
Attain Technology, Inc.	195,072
	-----
	979,096
Accrued Interest	89,492
	-----
TOTAL	\$1,068,588
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ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit 3(i)Articles of Incorporation	Incorporated by reference to Exhibit 2 of Arbor's Form 10-SB
(b) Exhibit 3(ii) By-Laws	Incorporated by reference to Exhibit 2 of Arbor's Form 10-SB.

SIGNATURES

In accordance with Section 12 of the Securities Exchange Act of 1934, the

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registrant caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

ARBOR ENTECH CORPORATION

Date: July 29, 2003

By: /s/ Harvey Houtkin

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Harvey Houtkin  
Chairman of the Board,  
Chief Executive Officer,  
President

Certification of Chief Executive Officer Pursuant to  
18 U.S.C. Section 1350 as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-KSB of Arbor EnTech Corporation (the "Company") for the fiscal year ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Harvey Houtkin, Chairman and Chief Executive Officer of the Company, hereby certify that:

(1) I, Harvey Houtkin, have reviewed this annual report on Form 10-KSB of Arbor EnTech Corporation;

(2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
- (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
- (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

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- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

July 29, 2003

s/Harvey Houtkin

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Harvey Houtkin

Chief Executive Officer

Certification of Chief Financial Officer Pursuant to  
18 U.S.C. Section 1350 as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-KSB of Arbor EnTech Corporation (the "Company") for the fiscal year ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark Shefts, Chief Financial Officer of the Company, hereby certify that:

(1) I, Mark Shefts, have reviewed this quarterly report on Form 10-KSB of Arbor EnTech Corporation;

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

(3) Based on my knowledge, the financial statements and other financial information included in this annual report fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

(4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

- (a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
- (b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
- (c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our

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evaluation as of the Evaluation Date;

(5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

- (a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
- (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

(6) The registrant's other certifying officers and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

July 29, 2003

s/Mark Shefts

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Mark Shefts

Chief Financial Officer

Certification of Chief Executive Officer  
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-KSB of Arbor EnTech Corporation (the "Company") for the fiscal year ended April 30, 2003, as filed with the Securities and Exchange Commission (the "Commission") on the date hereof (the "Report"), Harvey Houtkin, as Chairman and Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report for the fiscal year ended April 30, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (1) The information in the Report, and the information in the Report, fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2003

s/Harvey Houtkin

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Harvey Houtkin

Chief Executive Officer

Certification of Chief Financial Officer  
Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to  
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-KSB of Arbor EnTech Corporation (the "Company") for the fiscal year ended April 30, 2003, as filed with the

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Securities and Exchange Commission (the "Commission") on the date hereof (the "Report"), Mark Shefts, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report for the fiscal year ended April 30, 2003, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (1) The information in the Report, and the information in the Report, fairly presents, in all material respects, the financial condition and results of operations of the Company.

July 29, 2003

s/Mark Shefts

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Mark Shefts  
Chief Financial Officer