

**CONSOLIDATED FINANCIAL STATEMENTS OF**  
**NORTHFIELD CAPITAL**  
**CORPORATION**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**AUDITORS' REPORT**  
**To the Shareholders of**  
**Northfield Capital Corporation**

We have audited the consolidated balance sheets of Northfield Capital Corporation as at December 31, 1998 and 1997 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. 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 generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

**TORONTO**, April 1, 1999

**(signed) Smith, Nixon & Co. LLP**  
**CHARTERED ACCOUNTANTS**

**NORTHFIELD CAPITAL CORPORATION**  
**CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 1998 AND 1997**

|   | <b>1998</b>         | <b>1997</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| <b>CURRENT ASSETS</b>   |                     |                     |
| Cash  | \$ 79,620           | \$ 1,004,206        |
| Receivables   | 621,854             | 233,761             |
| Marketable securities (market value \$620,204;1997 - \$605,966) | 430,674             | 500,735             |
| Inventories   | 503,997             | 343,659             |
| Prepaid expenses  | 22,234              | 29,612              |
| Income taxes receivable   | <u>54,078</u>       | <u>39,900</u>       |
|   | 1,712,457           | 2,151,873           |
| <b>INVESTMENTS</b> (Note 3)                                     | 2,220,865           | 1,514,609           |
| <b>NOTE RECEIVABLE</b> (Note 4)                                 | 150,000             | -                   |
| <b>CAPITAL ASSETS</b> (Notes 5, 7 and 8)                        | 242,865             | 185,052             |
| <b>OTHER ASSETS</b> (Note 6)                                    | <u>459,421</u>      | <u>199,032</u>      |
|   | <u>\$ 4,785,608</u> | <u>\$ 4,050,566</u> |
| <b>LIABILITIES</b>  |                     |                     |
| <b>CURRENT LIABILITIES</b>                                      |                     |                     |
| Bank indebtedness (Note 7)                                      | \$ 188,606          | \$ 205,000          |
| Due to brokers  | 171,621             | -                   |
| Accounts payable and accrued liabilities                        | 760,288             | 279,391             |
| Current portion of long-term debt (Note 8)                      | <u>90,240</u>       | <u>71,051</u>       |
|   | 1,210,755           | 555,442             |
| <b>LONG-TERM DEBT</b> (Note 8)                                  | 556,615             | 210,233             |
| <b>MINORITY INTEREST</b>  | 10,893              | 32,506              |
| <b>FUTURE INCOME TAXES</b>                                      | <u>7,875</u>        | <u>137,823</u>      |
|   | <u>1,786,138</u>    | <u>936,004</u>      |
| <b>SHAREHOLDERS' EQUITY</b>                                     |                     |                     |
| <b>SHARE CAPITAL</b> (Note 9)                                   | 2,396,086           | 2,113,586           |
| <b>CONTRIBUTED SURPLUS</b>                                      | 42,831              | 42,831              |
| <b>RETAINED EARNINGS</b>  | 560,553             | 958,145             |
|   | <u>2,999,470</u>    | <u>3,114,562</u>    |
|   | <u>\$ 4,785,608</u> | <u>\$ 4,050,566</u> |

SIGNED ON BEHALF OF THE BOARD

(signed) Thomas J. Pladsen

(signed) Frank C. Smeenk

DIRECTORS

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHFIELD CAPITAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

|  | 1998              | 1997              |
|--|-------------------|-------------------|
| <b>RETAINED EARNINGS - BEGINNING OF YEAR</b> | \$ 958,145        | \$ 773,905        |
| Add:   |                   |                   |
| Net earnings (loss) for the year             | <u>(397,592)</u>  | <u>184,240</u>    |
| <b>RETAINED EARNINGS - END OF YEAR</b>       | <u>\$ 560,553</u> | <u>\$ 958,145</u> |

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHFIELD CAPITAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

|   | <b>1998</b>         | <b>1997</b>       |
|---|---------------------|-------------------|
| <b>SALES</b>                                    | \$ 3,037,806        | \$ 1,572,888      |
| <b>OTHER (EXPENSE) INCOME</b> (Note 10)         | <u>(95,582)</u>     | <u>660,632</u>    |
|   | <u>2,942,224</u>    | <u>2,233,520</u>  |
| <b>OPERATING EXPENSES</b>                       |                     |                   |
| Cost of sales                                   | 2,071,290           | 973,277           |
| Selling and administrative                      | 1,269,595           | 989,418           |
| Amortization                                    | 121,067             | 85,386            |
| Interest on long-term debt                      | <u>23,356</u>       | <u>37,633</u>     |
|   | <u>3,485,308</u>    | <u>2,085,714</u>  |
| <b>EARNINGS (LOSS) BEFORE INCOME TAXES</b>      | (543,084)           | 147,806           |
| <b>INCOME TAXES</b> (Note 11)                   | <u>(151,775)</u>    | <u>(18,275)</u>   |
| <b>EARNINGS (LOSS) BEFORE MINORITY INTEREST</b> | (391,309)           | 166,081           |
| <b>MINORITY INTEREST</b>                        | <u>(6,283)</u>      | <u>18,159</u>     |
| <b>NET EARNINGS (LOSS) FOR THE YEAR</b>         | <u>\$ (397,592)</u> | <u>\$ 184,240</u> |
| <b>EARNINGS (LOSS) PER SHARE</b> (Note 12)      | <u>\$ (0.18)</u>    | <u>\$ 0.09</u>    |

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHFIELD CAPITAL CORPORATION**  
**CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

|   | <b>1998</b>         | <b>1997</b>        |
|---|---------------------|--------------------|
| <b>CASH FROM OPERATIONS</b>                         |                     |                    |
| Earnings (loss) before minority interest            | \$ (391,309)        | \$ 166,081         |
| Items not affecting cash -                          |                     |                    |
| Loss (gain) on sale of long-term investments        | 304,556             | (892,789)          |
| Amortization  | 121,067             | 85,386             |
| Future income taxes                                 | (129,948)           | 21,625             |
| Other   | (1,235)             | (1,303)            |
| Share in earnings of equity investments             | 44,812              | (13,406)           |
| Loss on disposal of capital assets                  | <u>-</u>            | <u>30,990</u>      |
|   | (52,057)            | (603,416)          |
| Net change in non-cash working capital (Note 13)    | <u>177,653</u>      | <u>(570,285)</u>   |
|   | <u>125,596</u>      | <u>(1,173,701)</u> |
| <b>INVESTING ACTIVITIES</b>                         |                     |                    |
| Business acquisitions                               | (168,954)           | -                  |
| Purchase of capital assets                          | (34,284)            | (9,502)            |
| Purchase of long-term investments                   | (1,560,144)         | (248,307)          |
| Note receivable (Note 3)                            | -                   | (320,000)          |
| Proceeds on disposal of long-term investments       | 452,084             | 2,524,453          |
| Notes payable                                       | 100,000             | -                  |
| Proceeds on disposal of capital assets              | -                   | 129,834            |
| Advances, unsecured                                 | -                   | 155,000            |
| Minority interest in shares issued by subsidiary    | -                   | 11,204             |
| Note receivable (Note 4)                            | <u>(150,000)</u>    | <u>-</u>           |
|   | <u>(1,361,298)</u>  | <u>2,242,682</u>   |
| <b>FINANCING ACTIVITIES</b>                         |                     |                    |
| Repayment of long-term debt                         | (82,490)            | (193,546)          |
| Proceeds of long-term debt                          | 40,000              | -                  |
| Proceeds from shares issued                         | 170,000             | -                  |
| Proceeds from convertible debenture                 | <u>200,000</u>      | <u>-</u>           |
|   | <u>327,510</u>      | <u>(193,546)</u>   |
| <b>CHANGE IN CASH DURING THE YEAR</b>               | (908,192)           | 875,435            |
| <b>CASH (BANK INDEBTEDNESS) - BEGINNING OF YEAR</b> | <u>799,206</u>      | <u>(76,229)</u>    |
| <b>CASH (BANK INDEBTEDNESS) - END OF YEAR</b>       | <u>\$ (108,986)</u> | <u>\$ 799,206</u>  |
| <b>CASH (BANK INDEBTEDNESS) CONSISTS OF:</b>        |                     |                    |
| Cash  | \$ 79,620           | \$ 1,004,206       |
| Bank indebtedness                                   | <u>(188,606)</u>    | <u>(205,000)</u>   |
|   | <u>\$ (108,986)</u> | <u>\$ 799,206</u>  |

The accompanying notes are an integral part of these consolidated financial statements.

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and all subsidiaries. All significant intercompany transactions and balances have been eliminated.

**Accounting Estimates**

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

**Investments**

Marketable securities represent short-term investments which are carried at the lower of cost and quoted market value.

Investments in companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. Accordingly the original cost of the shares is adjusted for the Company's share of earnings or losses less dividends received since significant influence commenced.

Other long-term investments are carried at cost less any write-downs for impairments in value that are other than temporary.

**Inventories**

Inventories are valued at the lower of cost and net realizable value, with cost generally determined on a first-in, first-out basis.

**Capital Assets**

Capital assets are stated at cost and amortized principally on the diminishing balance basis over their estimated useful lives at the following annual rates:

|                           |                |
|---------------------------|----------------|
| Leasehold land            | 2.5%           |
| Buildings                 | 4%, 5% and 10% |
| Equipment and furnishings | 20%            |
| Leasehold improvements    | 20%            |
| Vehicles                  | 30%            |

**Goodwill**

Goodwill represents the excess of the purchase price of investments in subsidiaries over the fair value of the identifiable net assets acquired and is amortized on a straight-line basis over ten years. The carrying value of goodwill is evaluated in each reporting period to determine if there were events or circumstances which would indicate a possible inability to recover the carrying amount. Any permanent impairment in the carrying value of goodwill is expensed in the period in which the assessment is made.

**Trademarks and Patents**

Trademarks and patents are amortized on a straight-line basis over ten years. Trademarks and patents are written down to fair value and expensed in the period when, in management's estimate, they provide no future benefit to the respective business.

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**Future Income Taxes**

Future income taxes arise from flow-through share expenses being deducted for income tax purposes in a different reporting period than any gain or loss realized on the disposal of the shares.

**2. BUSINESS ACQUISITIONS**

The following are the acquisitions during the period. These acquisitions were accounted for by the purchase method and consolidated from the respective date of acquisition.

**1998 Acquisitions:**

Effective March 31, 1998, the Company acquired the remaining 27% of the outstanding shares of Henry J. Thomas & Son Limited.

Effective March 31, 1998, Henry J. Thomas & Son Limited acquired an additional 30% interest in Sunserve Glass Products Limited for a total ownership interest of 70%.

Effective June 30, 1998, Henry J. Thomas & Son Limited acquired a 70% interest in Newglass Limited.

The assets acquired and consideration given are as follows:

|   |                   |
|---|-------------------|
| Working capital deficiency (including bank indebtedness of \$ 48,954) | \$ (61,023)       |
| Capital assets  | <u>131,911</u>    |
|   | 70,888            |
| Long-term debt  | (152,503)         |
| Minority interest at book value                                       | <u>32,541</u>     |
|   | (49,074)          |
| Equity position at the date of acquisition                            | (44,301)          |
| Excess cost of shares over net assets acquired                        | <u>325,875</u>    |
| Purchase price  | <u>\$ 232,500</u> |
|   |                   |
| Consideration   |                   |
| Cash  | \$ 80,000         |
| Promissory notes  | 40,000            |
| Class A shares issued   | <u>112,500</u>    |
|   | <u>\$ 232,500</u> |

**1997 Acquisitions:**

During 1997, the Company increased its ownership in Henry J. Thomas & Son Limited from 69% to 73% by acquiring 134 newly issued treasury shares for \$ 50,000.



**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**3. INVESTMENTS**

|   | 1998                   |                     | 1997                   |                     |
|---|------------------------|---------------------|------------------------|---------------------|
|   | Quoted<br>Market Value | Cost                | Quoted<br>Market Value | Cost                |
| <b>Accounted for on the cost basis -</b>  |                        |                     |                        |                     |
| Cimitec Environmental Inc.  | \$ 475,483             | \$ 453,521          | \$ 288,143             | \$ 354,844          |
| E-Dispatch.com Wireless Data<br>(formerly Instep Mobile<br>Communications Inc.) | 374,430                | 306,211             | 22,548                 | 8,363               |
| Fort Knox Resources   | 440,449                | 448,200             | -                      | -                   |
| Guyana Goldfields   | 226,954                | 247,931             | -                      | -                   |
| i5ive communications inc. - advances,<br>unsecured                              | -                      | 124,982             | -                      | -                   |
| MDSI Mobile Data Solutions Inc.   | -                      | -                   | 792,396                | 363,860             |
| NFX Gold  | 84,319                 | 160,549             | -                      | -                   |
| Suite 101.com, Inc.   | 10,940,163             | 415,018             | -                      | -                   |
| Tyranax Gold Inc.   | 22,548                 | 22,548              | 211,739                | 318,899             |
| Other   | -                      | 41,905              | -                      | 51,355              |
| <b>Accounted for on the equity basis -</b>                                      |                        |                     |                        |                     |
| Sunserve Glass Products Limited<br>(40%)  | -                      | -                   | -                      | 97,248              |
| i5ive communications inc. -<br>Common shares (40%)                              | -                      | -                   | -                      | 40                  |
| 6.5% demand promissory note,<br>secured, no fixed repayment<br>terms            | -                      | -                   | -                      | <u>320,000</u>      |
|   |                        | <u>\$ 2,220,865</u> |                        | <u>\$ 1,514,609</u> |

**4. NOTE RECEIVABLE**

The unsecured note receivable bears interest at 8% per annum, payable quarterly in arrears. The note is due on or before June 2, 2000.

**5. CAPITAL ASSETS**

|                           | 1998              |                             |                   | 1997              |
|---------------------------|-------------------|-----------------------------|-------------------|-------------------|
|                           | Cost              | Accumulated<br>Amortization | Net               | Net               |
| Leasehold land            | \$ 8,326          | \$ -                        | \$ 8,326          | \$ 7,121          |
| Buildings                 | 286,216           | 229,845                     | 56,371            | 62,131            |
| Equipment and furnishings | 472,416           | 331,534                     | 140,882           | 87,838            |
| Vehicles                  | 191,554           | 166,112                     | 25,442            | 27,962            |
| Leasehold improvements    | <u>18,597</u>     | <u>6,753</u>                | <u>11,844</u>     | <u>-</u>          |
|                           | <u>\$ 977,109</u> | <u>\$ 734,244</u>           | <u>\$ 242,865</u> | <u>\$ 185,052</u> |

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**6. OTHER ASSETS**

|                          | <b>1998</b>       | <b>1997</b>       |
|--------------------------|-------------------|-------------------|
| Goodwill                 | \$ 488,195        | \$ 172,555        |
| Trademarks and patents   | -                 | 30,000            |
| Other                    | <u>14,968</u>     | <u>13,733</u>     |
|                          | 503,163           | 216,288           |
| Accumulated amortization | <u>43,742</u>     | <u>17,256</u>     |
|                          | <u>\$ 459,421</u> | <u>\$ 199,032</u> |

**7. BANK INDEBTEDNESS**

Bank indebtedness is secured by a general assignment of book debts and a fixed and floating charge debenture for \$450,000 covering certain property and assets of a subsidiary. Interest is paid at prime plus 2%. The effective interest rate at December 31, 1998 was 8.75% (1997 - 8%).

**8. LONG-TERM DEBT**

|   | <b>1998</b>       | <b>1997</b>       |
|---|-------------------|-------------------|
| Term loans repayable in monthly instalments of \$2,065 plus interest, secured by land, building and equipment, maturing at various dates to October 2000, bearing interest at 11.85% to 13.50%. | \$ 106,590        | \$ 140,240        |
| Non-interest bearing promissory notes payable, no set repayment terms.  | 93,990            | 45,000            |
| 15% note payable, no set repayment terms.   | 28,045            | 28,045            |
| 8% notes payable, interest payable quarterly in arrears, due on or before June 2, 2000.   | 100,000           | -                 |
| 10% convertible debenture, unsecured, convertible into Class A shares at \$ 1.50 per share, interest payable semi-annually, due November 20, 2001.  | 200,000           | -                 |
| Non-interest bearing notes payable, repayable in annual instalments of \$20,000, due January 31, 2000.  | 40,000            | -                 |
| Other   | <u>78,230</u>     | <u>67,999</u>     |
|   | 646,855           | 281,284           |
| Deduct: Current portion   | 90,240            | 71,051            |
|   | <u>\$ 556,615</u> | <u>\$ 210,233</u> |

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**8. LONG-TERM DEBT** (continued)

The estimated fair values of these loans, based on discounting future contractual cash flows under the current financing arrangements at discount rates currently available, approximate their carrying values.

Principal repayments of long-term debt over the next five years are as follows:

|            |                   |
|------------|-------------------|
| 1999       | \$ 90,240         |
| 2000       | 165,850           |
| 2001       | 228,135           |
| 2002       | 19,358            |
| 2003       | 18,239            |
| Thereafter | <u>125,033</u>    |
|            | <u>\$ 646,855</u> |

**9. SHARE CAPITAL**

**(a) Authorized -**

An unlimited number of -

Class A restricted voting shares

Class B common shares having 500 votes per share, convertible into one Class A restricted voting share; ownership is restricted to the original promoters of the Company

Preference shares

**(b) Issued -**

|  | <b>Number of</b> |                      |
|--|------------------|----------------------|
|  | <b>Shares</b>    | <b>Consideration</b> |
| <b>Class A Restricted Voting Shares</b>                    |                  |                      |
| Balance - December 31, 1996 and 1997                       | 2,114,524        | \$ 2,105,906         |
| Shares issued on acquisition of subsidiary shares (Note 2) | 75,000           | 112,500              |
| Shares issued by private placement                         | 120,000          | 150,000              |
| Stock options exercised                                    | <u>10,000</u>    | <u>20,000</u>        |
| Balance - December 31, 1998                                | 2,319,524        | 2,388,406            |
| <b>Class B Common Shares</b>                               |                  |                      |
| Balance - December 31, 1996, 1997 and 1998                 | <u>3,720</u>     | <u>7,680</u>         |
|  | <u>2,323,244</u> | <u>\$ 2,396,086</u>  |

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**9. SHARE CAPITAL** (continued)

**(c) Options**

(i) All options outstanding on March 25, 1998 were repriced to \$2.00 per share. During 1998, 10,000 options to purchase Class A restricted voting shares were exercised for cash consideration of \$20,000.

(ii) As at December 31, 1998, options were outstanding to certain officers, directors and key employees for the purchase of Class A restricted voting shares as follows:

| Date of Grant   | Number | Exercise Price | Expiry Date     |
|-----------------|--------|----------------|-----------------|
| June 25, 1996   | 90,000 | \$2.00         | June 25, 2001   |
| June 25, 1997   | 10,000 | \$2.00         | June 25, 2002   |
| March 31, 1998  | 7,500  | \$2.00         | March 31, 2003  |
| August 10, 1998 | 50,000 | \$2.00         | August 10, 2003 |

(iii) In January 1999, the Company granted 85,500 options to certain officers, directors and key employees of the Company to acquire Class A restricted voting shares of the Company at \$2.50 per share. These options expire January 21, 2004.

**10. OTHER (EXPENSE) INCOME**

|  | <b>1998</b>        | <b>1997</b>       |
|--|--------------------|-------------------|
| Gain (loss) on sale of long-term investments | \$ (8,195)         | \$ 892,789        |
| Gain (loss) on sale of marketable securities | 299,769            | (272,649)         |
| Investment and other                         | 34,004             | 27,086            |
| Loss on write-down of long-term investments  | (296,361)          | -                 |
| Loss on write-down of marketable securities  | (79,987)           | -                 |
| Share in earnings of equity investments      | <u>(44,812)</u>    | <u>13,406</u>     |
|  | <u>\$ (95,582)</u> | <u>\$ 660,632</u> |

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**11. INCOME TAXES**

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 44.6 % (1997 - 44.6%) were the following:

|  | <b>1998</b>         | <b>1997</b>        |
|--|---------------------|--------------------|
| Expected income tax at statutory tax rates | \$ (228,835)        | \$ 65,921          |
| Effect of:                                 |                     |                    |
| Non-taxable portion of capital gains       | (32,510)            | (72,812)           |
| Flow-through share deductions              | (2,230)             | (54,858)           |
| Other                                      | 64,912              | (8,640)            |
| Losses of other years                      | -                   | 7,359              |
| Losses of subsidiaries                     | 8,985               | 23,130             |
| Loss on write-down of investments          | <u>167,851</u>      | <u>-</u>           |
| Income tax expense (recovery)              | (21,827)            | (39,900)           |
| Future income taxes                        | <u>(129,948)</u>    | <u>21,625</u>      |
|  | <u>\$ (151,775)</u> | <u>\$ (18,275)</u> |

At December 31, 1998, subsidiary companies have the following amounts available to reduce future years' income for tax purposes, the benefit of which has not been recorded in the accounts.

|  |                   |
|--|-------------------|
| Losses carried forward for tax purposes which expire between 1999 and 2005 | \$ 348,408        |
| Excess of undepreciated capital cost over net book value of capital assets | <u>139,780</u>    |
|  | <u>\$ 488,188</u> |

**12. EARNINGS PER SHARE**

The earnings per share has been calculated based on the weighted average aggregate number of Class A restricted voting shares and Class B common shares outstanding during the year of 2,222,090 (1997 - 2,118,294).

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**13. OTHER INFORMATION**

(a) Details of net change in non-cash working capital:

|  | <b>1998</b>       | <b>1997</b>         |
|--|-------------------|---------------------|
| Receivables                              | \$ (186,676)      | \$ 588,216          |
| Marketable securities                    | 70,061            | 163,963             |
| Inventories                              | (36,388)          | (6,873)             |
| Prepaid expenses                         | 9,862             | (12,000)            |
| Income taxes receivable                  | (14,178)          | (398,655)           |
| Due to brokers                           | 171,621           | (704,863)           |
| Accounts payable and accrued liabilities | 163,351           | (148,917)           |
| Due to related parties                   | <u>-</u>          | <u>(51,156)</u>     |
|  | <u>\$ 177,653</u> | <u>\$ (570,285)</u> |

(b) Other

|                 |           |           |
|-----------------|-----------|-----------|
| Interest paid - |           |           |
| Short-term      | \$ 50,400 | \$ 29,216 |
| Long-term       | \$ 23,356 | \$ 37,633 |

**14. RELATED PARTY TRANSACTIONS**

During the year the Company paid consulting fees of \$120,000 (1997 - \$120,000) to a company controlled by a director.

**15. SEGMENTED INFORMATION**

Glass sales and installation - Henry J. Thomas & Son Limited and its subsidiaries, Sunserve Glass Products Limited, and Newglass Limited operate in the province of Newfoundland.

Food wholesaling - Culverhouse Foods Corporation operates in the province of Ontario.

Other - Corporate activities.

|                              | <b>1998</b>         | <b>1997</b>         |
|------------------------------|---------------------|---------------------|
| Revenues                     |                     |                     |
| Glass sales and installation | \$ 2,970,154        | \$ 1,475,053        |
| Food wholesaling             | <u>67,652</u>       | <u>97,835</u>       |
|                              | <u>\$ 3,037,806</u> | <u>\$ 1,572,888</u> |

**NORTHFIELD CAPITAL CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 1998 AND 1997**

**15. SEGMENTED INFORMATION** (continued)

|                                 |                     |                     |
|---------------------------------|---------------------|---------------------|
| Operating loss                  |                     |                     |
| Glass sales and installation    | \$ (10,144)         | \$ (57,896)         |
| Food wholesaling                | <u>(10,001)</u>     | <u>(910)</u>        |
|                                 | <u>\$ (20,145)</u>  | <u>\$ (58,806)</u>  |
| <br>Additions to capital assets |                     |                     |
| Glass sales and installation    | \$ 30,216           | \$ 6,702            |
| Food wholesaling                | 1,150               | -                   |
| Other                           | <u>2,918</u>        | <u>2,800</u>        |
|                                 | <u>\$ 34,284</u>    | <u>\$ 9,502</u>     |
| <br>Total assets                |                     |                     |
| Glass sales and installation    | \$ 1,604,961        | \$ 852,384          |
| Food wholesaling                | 81,454              | 67,036              |
| Other                           | <u>3,099,193</u>    | <u>3,131,146</u>    |
|                                 | <u>\$ 4,785,608</u> | <u>\$ 4,050,566</u> |
| <br>Amortization expense        |                     |                     |
| Glass sales and installation    | \$ 63,928           | \$ 38,730           |
| Other                           | <u>57,139</u>       | <u>46,656</u>       |
|                                 | <u>\$ 121,067</u>   | <u>\$ 85,386</u>    |

**16. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE**

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in erroneous processing. The effects of the Year 2000 Issue may be experienced on before or after January 1, 2000, and if not addressed, may have an impact on the financial reporting and operations of the Company. The effect could range from minor errors to complete failures, which could adversely affect the normal business operations of the Company. It is not possible to ascertain all the potential effects of all aspects of the Year 2000 Issue, including its effect on customers, suppliers and other third parties. There exists the possibility that all of these issues may not be resolved before the Year 2000.