

CONSOLIDATED FINANCIAL STATEMENTS OF
NORTHFIELD CAPITAL
CORPORATION
YEARS ENDED DECEMBER 31, 2000 AND 1999

AUDITORS' REPORT
To the Shareholders of
Northfield Capital Corporation

We have audited the consolidated balance sheets of Northfield Capital Corporation as at December 31, 2000 and 1999 and the consolidated statements of earnings, retained earnings and cash flows 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 Canadian 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, 2000 and 1999 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

TORONTO, April 14, 2001

CHARTERED ACCOUNTANTS

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2000 AND 1999

	2000	1999
ASSETS		
Current Assets		
Cash	\$ 2,897,520	\$ 832,244
Receivables (Note 3)	2,144,658	873,957
Marketable securities (market value \$1,217,123; 1999 - \$640,514)	950,156	598,104
Inventories	486,200	519,273
Prepaid expenses	<u>56,255</u>	<u>22,176</u>
	6,534,789	2,845,754
Long-term Investments (Note 4)	4,583,759	2,359,649
Capital and Other Assets (Note 5)	<u>1,020,670</u>	<u>645,651</u>
	<u>\$ 12,139,218</u>	<u>\$ 5,851,054</u>
LIABILITIES		
Current Liabilities		
Bank indebtedness (Note 6)	\$ 370,754	\$ 145,886
Accounts payable and accrued liabilities	1,572,898	919,206
Income taxes payable	911,013	272,676
Deferred revenue	156,363	-
Current portion of long-term debt (Note 7)	<u>408,767</u>	<u>192,448</u>
	3,419,795	1,530,216
Long-Term Debt (Note 7)	368,840	377,385
Minority Interest	3,307	-
Future Income Taxes	<u>153,000</u>	<u>67,000</u>
	<u>3,944,942</u>	<u>1,974,601</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 8)	2,717,343	2,502,086
Contributed Surplus	42,831	42,831
Retained Earnings	<u>5,434,102</u>	<u>1,331,536</u>
	<u>8,194,276</u>	<u>3,876,453</u>
	<u>\$ 12,139,218</u>	<u>\$ 5,851,054</u>

On behalf of the Board

Director

Director

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

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
REVENUES		
Sales	\$ 6,603,929	\$ 3,475,471
Other income (Note 10)	<u>7,301,095</u>	<u>1,663,307</u>
	<u>13,905,024</u>	<u>5,138,778</u>
 OPERATING EXPENSES		
Cost of sales	5,238,328	2,485,428
Selling and administrative	2,212,159	1,420,630
Amortization	147,829	98,785
Interest on long-term debt	<u>38,413</u>	<u>40,700</u>
	<u>7,636,729</u>	<u>4,045,543</u>
 Earnings before income taxes and minority interest	6,268,295	1,093,235
 Income taxes (Note 11)	<u>2,091,648</u>	<u>333,145</u>
 Earnings before minority interest	4,176,647	760,090
 Minority interest	<u>3,360</u>	<u>10,893</u>
 NET EARNINGS FOR THE YEAR	<u>\$ 4,180,007</u>	<u>\$ 770,983</u>
 EARNINGS PER SHARE (Note 9)		
Basic	<u>\$ 1.73</u>	<u>\$ 0.33</u>
Fully diluted	<u>\$ 1.50</u>	<u>\$ 0.29</u>

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
Retained earnings - Beginning of year	\$ 1,331,536	\$ 560,553
 Net earnings for the year	4,180,007	770,983
Excess of cost over paid-up value of repurchased shares	<u>(77,441)</u>	<u>-</u>
 Retained earnings - End of year	<u>\$ 5,434,102</u>	<u>\$ 1,331,536</u>

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

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000	1999
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Earnings before minority interest	\$ 4,176,647	\$ 760,090
Items not affecting cash -		
Gain on sale of long-term investments	(7,545,174)	(1,569,489)
Amortization	147,829	98,785
Future income taxes	86,000	59,125
Other	<u>17,746</u>	<u>(34,912)</u>
	(3,116,952)	(686,401)
Net change in non-cash working capital (Note 12)	<u>268,583</u>	<u>29,300</u>
	<u>(2,848,369)</u>	<u>(657,101)</u>
INVESTING ACTIVITIES		
Business acquisition	(400,885)	-
Purchase of capital assets	(61,593)	(40,682)
Purchase of long-term investments	(4,858,618)	(1,461,325)
Proceeds on disposal of long-term investments	10,168,603	2,892,030
Proceeds on disposal of capital assets	<u>-</u>	<u>5,400</u>
	<u>4,847,507</u>	<u>1,395,423</u>
FINANCING ACTIVITIES		
Change in bank indebtedness	224,868	(42,720)
Repayment of long-term debt	(196,757)	(78,978)
Proceeds of long-term debt	50,211	30,000
Proceeds from share options exercised	91,500	106,000
Shares repurchased for cancellation	<u>(103,684)</u>	<u>-</u>
	<u>66,138</u>	<u>14,302</u>
Increase in Cash	2,065,276	752,624
Cash - Beginning of Year	<u>832,244</u>	<u>79,620</u>
Cash - End of Year	<u>\$ 2,897,520</u>	<u>\$ 832,244</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, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, Thomas Glass Group Inc. and Henry J. Thomas & Son Limited. All significant intercompany transactions and balances have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results may differ from these estimates.

Revenue Recognition

Revenues are recognized upon shipment and when all obligations have been satisfied and collection is reasonably assured. Revenue from contracts is recognized on the percentage of completion basis.

Investments

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

Long-term 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 recorded 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%
Vehicles	30%

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

Leasehold improvements

20%

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

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Future Income Taxes

Future income taxes reflect the tax effect of differences^{1.} between the book and tax bases of assets and liabilities. Such differences arise from flow-through shares.

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

3. RECEIVABLES

	2000	1999
Trade accounts receivable	\$ 1,882,158	\$ 723,957
Note receivable, interest-free until May 15, 2001 with interest payable at 8% per annum after May 15, 2001.	262,500	-
8% note receivable, due June 2, 2000.	<u>-</u>	<u>150,000</u>
	<u>\$ 2,144,658</u>	<u>\$ 873,957</u>

There is no substantial concentration of credit risk in accounts receivable due to the large number of customers. The Company's management performs ongoing credit evaluations of its customers and establishes an allowance for doubtful accounts based on the credit risk applicable to particular customers, historical trends and other relevant information.

4. LONG-TERM INVESTMENTS

	2000		1999	
	Quoted Market Value	Cost	Quoted Market Value	Cost
Accounted for on the cost basis -				
Cimatec Environmental Engineering Inc.	\$ 464,144	\$ 791,729	\$ 508,955	\$ 659,449
Dotcom 2000 Inc.	5,146	28,213	112,437	46,455
eDispatch.com Wireless Data Inc.	-	-	3,769,275	257,892
Endeavour Resources Inc.	592,020	741,196	-	-
Fort Knox Gold Resources Inc.	772,921	568,794	36,720	51,488
Guyana Goldfields Inc.	495,000	360,000	313,379	325,583
Pangeo Pharma Inc. (formerly Pharmex Industries Inc.)	3,097,495	1,170,106	725,671	467,064
Suite101.com, Inc.	516,205	387,278	9,923,604	397,357
Other	90,335	41,355	115,053	62,311
Non-interest bearing notes receivable, no set repayment terms		200,000		-
Phoenix Performance Products Inc. -				
Common shares (50%) - at equity		50		50
Non-interest bearing note receivable, no set repayment terms		<u>295,038</u>		<u>92,000</u>
		<u>\$ 4,583,759</u>		<u>\$ 2,359,649</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

5. CAPITAL AND OTHER ASSETS

(a) Capital Assets

	2000			1999
	Cost	Accumulated Amortization	Net	Net
Leasehold land	\$ 8,326	\$ 1,269	\$ 7,057	\$ 8,326
Buildings	286,516	236,663	49,853	52,458
Equipment and furnishings	593,516	449,286	144,230	134,729
Vehicles	310,847	240,151	70,696	20,609
Leasehold improvements	60,492	37,189	23,303	20,240
	<u>\$ 1,259,697</u>	<u>\$ 964,558</u>	<u>\$ 295,139</u>	<u>\$ 236,362</u>

(b) Other Assets

	2000	1999
Goodwill	\$ 887,200	\$ 488,195
Other	16,913	16,435
	904,113	504,630
Deduct: Accumulated amortization	178,582	95,341
	<u>\$ 725,531</u>	<u>\$ 409,289</u>
Total Capital and Other Assets	<u>\$ 1,020,670</u>	<u>\$ 645,651</u>

6. BANK INDEBTEDNESS

Bank indebtedness is secured by a general assignment of a subsidiary's book debts and a fixed and floating charge debenture for \$450,000 covering certain property and assets of the subsidiary. Interest is paid at bank prime rate of interest plus 2%. The effective interest rate at December 31, 2000 was 9.5% (1999 - 8.5%).

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

7. LONG-TERM DEBT

	2000	1999
Term loans repayable in monthly instalments of \$3,732 plus interest, secured by land, building, equipment and vehicle, maturing at various dates to January 2005, bearing interest at 9.5% to 11.50%.	\$ 119,622	\$ 121,448
3% notes payable, repayable in three instalments up to September 30, 2002.	339,170	-
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	200,000
Non-interest bearing promissory notes payable, no set repayment terms.	93,990	93,990
Other	<u>24,825</u>	<u>54,395</u>
	777,607	569,833
Deduct: Current portion	<u>408,767</u>	<u>192,448</u>
	<u>\$ 368,840</u>	<u>\$ 377,385</u>

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:

2001	\$ 408,767
2002	224,439
2003	24,508
2004	21,738
2005	4,330
Thereafter	<u>93,825</u>
	<u>\$ 777,607</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

8. 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

	Number of Shares	Consideration
Class A restricted voting shares		
Balance - December 31, 1998	2,319,524	\$ 2,388,406
Share options exercised	<u>50,500</u>	<u>106,000</u>
Balance - December 31, 1999	2,370,024	2,494,406
Share options exercised	44,500	91,500
Shares issued on acquisition of subsidiary (Note 2)	24,156	150,000
Shares repurchased for cancellation	<u>(24,993)</u>	<u>(26,243)</u>
Balance - December 31, 2000	2,413,687	2,709,663
Class B common shares		
Balance - December 31, 1998, 1999 and 2000	<u>3,720</u>	<u>7,680</u>
	<u>2,417,407</u>	<u>\$ 2,717,343</u>

(c) Options

As at December 31, 2000, 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	15,000	\$2.00	June 25, 2001
June 25, 1997	105,000	\$2.00	June 25, 2002
March 31, 1998	10,000	\$2.00	March 31, 2003
August 10, 1998	50,000	\$2.00	August 10, 2003
January 21, 1999	70,500	\$2.50	January 21, 2004
June 26, 2000	<u>15,000</u>	\$5.00	June 26, 2005
	<u>265,500</u>		

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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9. EARNINGS PER SHARE

The earnings per share figures were calculated using the weighted average aggregate number of Class A restricted voting shares and Class B common shares outstanding during the year (2000 - 2,422,250 shares; 1999 - 2,364,310 shares). The calculation of fully diluted earnings per share assumes that, if a dilutive effect is produced, all outstanding options, warrants and convertible debt had been exercised or converted at the later of the beginning of the fiscal year and the option or warrant issue date, and includes an allowance for imputed earnings net of tax derived from the investment of funds which would have been received.

10. OTHER INCOME

	2000	1999
Gain on sale of long-term investments	\$ 7,545,174	\$ 1,569,489
Gain (loss) on sale of marketable securities	(172,413)	58,712
Investment and other income (losses)	<u>(71,666)</u>	<u>35,106</u>
	<u>\$ 7,301,095</u>	<u>\$ 1,663,307</u>

11. INCOME TAXES

(a) The major factors that cause variations from the Company's combined federal and provincial statutory

	2000	1999
Earnings before income taxes and minority interest	<u>\$ 6,268,295</u>	<u>\$ 1,093,235</u>
Expected income tax expense at statutory rates	\$ 2,795,660	\$ 487,583
Increase (decrease) resulting from:		
Non-taxable portion of capital gains	(842,259)	(181,544)
Flow-through share deductions	(352,161)	(72,185)
Refundable income taxes	253,344	39,947
Other	52,862	17,044
Losses of subsidiaries	<u>184,202</u>	<u>42,300</u>
	<u>\$ 2,091,648</u>	<u>\$ 333,145</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

11. INCOME TAXES (continued)

(b) The details of the provision for income taxes are as follows:

	2000	1999
Current provision	\$ 2,005,648	\$ 274,020
Future provision	<u>86,000</u>	<u>59,125</u>
	<u>\$ 2,091,648</u>	<u>\$ 333,145</u>

(c) At December 31, 2000, subsidiary companies have the following amounts available to reduce future

Losses carried forward for tax purposes which expire between 2001 and 2006	\$ 724,800
Excess of undepreciated capital cost over net book value of capital assets	<u>204,800</u>
	<u>\$ 929,600</u>

12. STATEMENT OF CASH FLOWS

(a) Net Change in Non-cash Working Capital Balances

The net change in non-cash working capital balances related to operations is represented by the following:

	2000	1999
Receivables	\$ (714,401)	\$ (102,103)
Marketable securities	(352,052)	(167,430)
Inventories	241,783	(15,276)
Prepaid expenses	(27,754)	58
Income taxes	588,587	326,754
Due to brokers	-	(171,621)
Accounts payable and accrued liabilities	376,057	158,918
Deferred revenue	<u>156,363</u>	<u>-</u>
	<u>\$ 268,583</u>	<u>\$ 29,300</u>

(b) Supplemental Information

Interest paid	<u>\$ 126,032</u>	<u>\$ 109,183</u>
Income taxes paid (recovered)	<u>\$ 1,417,057</u>	<u>\$ (53,017)</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

13. RELATED PARTY TRANSACTIONS

During the year, the Company paid a director consulting fees of \$120,000 (1999 - \$120,000) and rent of \$14,360 to a company controlled by an officer. The Company also purchased shares from a company controlled by a director for \$62,890. During 2000, the Company formed a partnership with a director to own and operate an Internet website. The Company owned and funded 67% of the partnership (amounting to \$271,156); the director owned and funded 33%. The Company sold long-term investments to certain officers, directors, employees and related companies for proceeds of \$67,250 (1999 - \$110,553).

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

14. CONTINGENCIES AND COMMITMENTS

The Company is committed to and contingently liable for annual rental payments for premises and equipment as follows:

2001	\$ 267,221
2002	212,521
2003	182,521
2004	164,623
2005	<u>151,326</u>
	<u>\$ 978,212</u>

15. SUBSEQUENT EVENTS

Subsequent to year-end, Thomas Glass Group Inc. acquired 100% of the common shares of Kinden Glass Ltd. for a purchase price of \$1,500,000 and acquired 100% of the common shares of City Thermo Pane Ltd. and Gerron Transport Ltd. for a purchase price of \$1,000,000, subject to adjustment based on the earnings of the acquired companies. Thomas Glass Group Inc. also obtained credit facilities to a maximum of \$4,440,000, subject to certain terms and conditions.

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2000 AND 1999

16. SEGMENTED INFORMATION

Glass sales and installation - Henry J. Thomas & Son Limited operates in the province of Newfoundland; Thomas Glass Group Inc. operates in the provinces of Nova Scotia and Newfoundland.

Other - Corporate activities and other.

	2000	1999
Revenues		
Glass sales and installation	\$ 6,535,098	\$ 3,385,432
Other	<u>7,369,926</u>	<u>1,753,346</u>
	<u>\$ 13,905,024</u>	<u>\$ 5,138,778</u>
Earnings before income taxes and minority interest		
Glass sales and installation	\$ (353,159)	\$ (94,843)
Other	<u>6,621,454</u>	<u>1,188,078</u>
	<u>\$ 6,268,295</u>	<u>\$ 1,093,235</u>
Additions to capital assets		
Glass sales and installation	\$ 60,311	\$ 37,763
Other	<u>1,282</u>	<u>2,919</u>
	<u>\$ 61,593</u>	<u>\$ 40,682</u>
Total assets		
Glass sales and installation	\$ 3,229,644	\$ 1,637,140
Other	<u>8,909,574</u>	<u>4,213,914</u>
	<u>\$ 12,139,218</u>	<u>\$ 5,851,054</u>
Amortization expense		
Glass sales and installation	\$ 118,510	\$ 71,322
Other	<u>29,319</u>	<u>27,463</u>
	<u>\$ 147,829</u>	<u>\$ 98,785</u>

17. COMPARATIVE FIGURES

The comparative figures have been reclassified from statements previously presented to conform to the presentation of the 2000 consolidated financial statements.