

CONSOLIDATED FINANCIAL STATEMENTS OF

**NORTHFIELD CAPITAL
CORPORATION**

YEARS ENDED DECEMBER 31, 2001 AND 2000

AUDITORS' REPORT
To the Shareholders of
Northfield Capital Corporation

We have audited the consolidated balance sheets of Northfield Capital Corporation as at December 31, 2001 and 2000 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, 2001 and 2000 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

TORONTO, ONTARIO
April 11, 2002

Signed by
"Smith, Nixon & Co. LLP"
CHARTERED ACCOUNTANTS

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED BALANCE SHEETS AS AT DECEMBER 31, 2001 AND 2000

	2001	2000
ASSETS		
Current Assets		
Cash	\$ 747,540	\$ 2,897,520
Receivables (Note 3)	4,595,040	2,144,658
Marketable securities (market value \$1,560,445; 2000 - \$1,217,123)	1,233,341	950,156
Inventories	1,723,319	486,200
Prepaid expenses	87,149	56,255
Income taxes receivable	<u>206,996</u>	<u>-</u>
	8,593,385	6,534,789
Long-Term Investments (Note 4)	4,811,418	4,583,759
Notes Receivable (Note 5)	154,780	-
Future Income Taxes	306,552	-
Capital and Other Assets (Note 6)	<u>3,663,660</u>	<u>1,020,670</u>
	<u>\$ 17,529,795</u>	<u>\$ 12,139,218</u>
LIABILITIES		
Current Liabilities		
Bank indebtedness (Note 7)	\$ 3,483,772	\$ 370,754
Accounts payable and accrued liabilities	2,758,940	1,572,898
Income taxes payable	-	911,013
Deferred revenue	39,089	156,363
Current portion of long-term debt (Note 8)	<u>801,829</u>	<u>408,767</u>
	7,083,630	3,419,795
Long-Term Debt (Note 8)	1,486,923	368,840
Minority Interest	-	3,307
Future Income Taxes	<u>-</u>	<u>153,000</u>
	<u>8,570,553</u>	<u>3,944,942</u>
SHAREHOLDERS' EQUITY		
Share Capital (Note 9)	3,513,843	2,717,343
Contributed Surplus	42,831	42,831
Retained Earnings	<u>5,402,568</u>	<u>5,434,102</u>
	<u>8,959,242</u>	<u>8,194,276</u>
	<u>\$ 17,529,795</u>	<u>\$ 12,139,218</u>
On Behalf of the Board		

Signed by
"John D. McBride"
 Director

Signed by
"Robert D. Cudney"
 Director

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

NORTHFIELD CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF EARNINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
INCOME		
Sales	\$ 20,470,019	\$ 6,603,929
Other income (Note 10)	<u>656,975</u>	<u>7,301,095</u>
	<u>21,126,994</u>	<u>13,905,024</u>
OPERATING EXPENSES		
Cost of sales	15,634,541	5,238,328
Selling and administrative	5,507,902	2,212,159
Amortization	596,487	147,829
Interest on long-term debt	<u>141,602</u>	<u>38,413</u>
	<u>21,880,532</u>	<u>7,636,729</u>
Earnings before income taxes and minority interest	(753,538)	6,268,295
Income taxes (Note 11)	<u>(722,004)</u>	<u>2,091,648</u>
Earnings before minority interest	(31,534)	4,176,647
Minority interest	<u>-</u>	<u>3,360</u>
NET EARNINGS (LOSS) FOR THE YEAR	<u>\$ (31,534)</u>	<u>\$ 4,180,007</u>
Earnings per share		
Basic	<u>\$ (0.01)</u>	<u>\$ 1.77</u>
Fully diluted	<u>\$ (0.01)</u>	<u>\$ 1.59</u>
Weighted average Class A and Class B shares outstanding		
Basic	<u>2,509,907</u>	<u>2,362,180</u>
Fully diluted	<u>2,509,907</u>	<u>2,633,085</u>

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
RETAINED EARNINGS - BEGINNING OF YEAR	\$ 5,434,102	\$ 1,331,536
Net earnings (loss) for the year	(31,534)	4,180,007
Excess of cost over paid-up value of repurchased shares	<u>-</u>	<u>(77,441)</u>
RETAINED EARNINGS - END OF YEAR	<u>\$ 5,402,568</u>	<u>\$ 5,434,102</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, 2001 AND 2000

	2001	2000
CASH PROVIDED BY (USED IN)		
OPERATIONS		
Earnings (loss) before minority interest	\$ (31,534)	\$ 4,176,647
Items not involving current cash flows (Note 12)	(483,992)	(7,293,599)
Net change in non-cash working capital (Note 12)	<u>(2,053,047)</u>	<u>268,583</u>
	<u>(2,568,573)</u>	<u>(2,848,369)</u>
INVESTING ACTIVITIES		
Business acquisitions	(1,110,000)	(400,885)
Purchase of capital assets	(504,602)	(61,593)
Purchase of long-term investments	(1,520,842)	(4,858,618)
Proceeds on disposal of long-term investments	<u>2,029,880</u>	<u>10,168,603</u>
	<u>(1,105,564)</u>	<u>4,847,507</u>
FINANCING ACTIVITIES		
Change in bank indebtedness	2,093,948	224,868
Repayment of long-term debt	(975,650)	(196,757)
Proceeds of long-term debt	111,859	50,211
Proceeds from share options exercised	34,000	91,500
Shares repurchased for cancellation	-	(103,684)
Shares issued through private placement	<u>260,000</u>	<u>-</u>
	<u>1,524,157</u>	<u>66,138</u>
Change in Cash	(2,149,980)	2,065,276
Cash - Beginning of Year	<u>2,897,520</u>	<u>832,244</u>
Cash - End of Year	<u>\$ 747,540</u>	<u>\$ 2,897,520</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, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Northfield Capital Corporation and its subsidiaries (the "Company"). Its major subsidiaries are Northfield Glass Group Inc. (formerly Thomas Glass Group Inc.) and Henry J. Thomas & Son Limited.

Use of Estimates

The preparation of 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 disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Financial Instruments

The carrying value of cash, short-term investments, receivables, bank indebtedness, accounts payable and accrued liabilities and income taxes receivable are considered to be representative of their respective values due to their short-term nature.

The fair value of long-term financial instruments approximate carrying values since actual rates approximate market rates.

Revenue Recognition

Revenues are recognized upon shipment and when all obligations have been satisfied and collection is reasonably assured. Contract revenue is recognized on the percentage-of-completion basis with any projected contract losses immediately recognized.

Investments

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

Long-term investments in companies over which the Company has significant influence but not control are accounted for by the equity method.

Other long-term investments are carried at cost less any write-downs for impairments 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.

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are stated at cost and are amortized on the diminishing balance method at annual rates ranging from 4% to 30%. Certain leasehold improvements are amortized on a straight-line basis over a five-year term and certain equipment is amortized on a straight-line basis over two years.

Goodwill

Goodwill represents the excess of the purchase price over the fair values assigned to 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

In September 2001, the Canadian Institute of Chartered Accountants issued new recommendations on accounting for business combinations and goodwill. The new standards require that goodwill no longer be amortized but instead be tested for impairment at least annually. The standards also specify criteria that intangible assets must meet to be recognized and reported apart from goodwill. Upon full adoption of the standards beginning January 1, 2002, the Company will discontinue amortization of all existing goodwill, evaluate existing intangible assets and make any necessary reclassifications in order to conform with the new criteria for recognition of intangible assets apart from goodwill and test for impairment in accordance with the new standards.

Adoption of New Accounting Standard for Earnings per Share

During 2001, the Company adopted the new Canadian Institute of Chartered Accountants recommendations for the calculation of earnings per share. Under the new accounting policy, applied retroactively, the calculation of diluted earnings per share requires the use of the treasury method and assumes any option or warrant proceeds would be used to purchase common shares at the average market price during the period. This change increased prior year diluted earnings per share by \$0.09.

Future Income Taxes

During 2000, the Company adopted the new Canadian Institute of Chartered Accountants recommendations for future income taxes. Under the new accounting policy, applied retroactively, future income taxes reflect the tax effect of differences between the book and tax bases of assets and liabilities. Temporary differences relate primarily to capital assets, unused tax losses and flow-through shares. Previously, deferred income taxes reflected the tax effect of revenue and expense items reported for accounting purposes in periods different than for tax purposes. The Company elected not to restate prior years' financial statements as it determined that the adoption of this standard does not have a material impact on the Company's financial position or results of operations in the preceding years.

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

2. BUSINESS ACQUISITIONS

- (a) Effective March 31, 2000, the Company acquired 100% of the outstanding common shares of Kidston Glass (1993) Incorporated. The acquisition was accounted for using the purchase method and the results of operations are included from the date of acquisition. The fair value of net assets acquired is as follows:

Net operating working capital (including cash of \$36,800)	\$ 465,600
Capital assets	62,250
Goodwill	<u>399,005</u>
 Fair value of net assets acquired	 <u>\$ 926,855</u>
 Consideration:	
Cash	\$ 437,685
Notes payable	339,170
Issuance of shares (Note 9(b))	<u>150,000</u>
	 <u>\$ 926,855</u>

- (b) Effective January 1, 2001, the Company acquired 100% of the outstanding common shares of Kinden Glass Company Limited ("Kinden") for \$1,453,286 and 100% of the common shares of City Thermo Pane Ltd. ("City") and Gerron Transport Ltd. ("Gerron") for \$980,000. These acquisitions have been accounted for using the purchase method and the results of operations are included from the date of acquisition. The fair value of net assets acquired is as follows:

	Kinden	City and Gerron
Net operating working capital	\$ 696,361	\$ 263,827
Capital assets	811,590	1,370,116
Other assets	42,780	57,736
Goodwill	<u>612,229</u>	<u>-</u>
	2,162,960	1,691,679
Other liabilities	(41,045)	(29,458)
Long-term debt	<u>(668,629)</u>	<u>(682,221)</u>
 Fair value of net assets acquired	 <u>\$ 1,453,286</u>	 <u>\$ 980,000</u>
 Consideration:		
Cash	\$ 610,000	\$ 500,000
Issuance of shares (Note 9(b))	302,500	-
Notes payable (Note 8)	<u>540,786</u>	<u>480,000</u>
	 <u>\$ 1,453,286</u>	 <u>\$ 980,000</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

3. RECEIVABLES

	2001	2000
Trade accounts receivable	\$ 4,595,040	\$ 1,882,158
Note receivable, interest-free	<u>-</u>	<u>262,500</u>
	<u>\$ 4,595,040</u>	<u>\$ 2,144,658</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 based on the credit risk applicable to particular customers, historical trends and other relevant information.

4. LONG-TERM INVESTMENTS

	2001		2000	
	Market Value	Cost	Market Value	Cost
Accounted for on the cost basis -				
Cimatec Environmental Engineering Inc.	\$ 442,091	\$ 801,265	\$ 464,144	\$ 791,729
Endeavour Resources Inc.	582,000	854,500	592,020	741,196
Fort Knox Gold Resources Inc.	4,483,274	1,127,445	772,921	568,794
Guyana Goldfields Inc.	245,596	360,000	495,000	360,000
PanGeo Pharma Inc.	5,059,623	960,762	3,097,495	1,170,106
Suite101.com, Inc.	637,664	387,278	516,205	387,278
Other	-	-	95,481	69,568
Non-interest bearing notes receivable, no set repayment terms	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 11,450,248</u>	<u>4,491,250</u>	<u>\$ 6,033,266</u>	<u>4,288,671</u>
Accounted for on the equity basis -				
Phoenix Performance Products Inc. - Common shares (33%)		50		50
Non-interest bearing note receivable, no set repayment terms		295,038		295,038
Share of equity earnings		<u>25,080</u>		<u>-</u>
		<u>320,168</u>		<u>295,088</u>
Total long-term investments		<u>\$ 4,811,418</u>		<u>\$ 4,583,759</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

5. NOTES RECEIVABLE

	2001	2000
Note receivable, non-interest bearing, due August 2003	\$ 112,000	\$ -
Note receivable, non-interest bearing with no set repayment terms	<u>42,780</u>	<u>-</u>
	<u>\$ 154,780</u>	<u>\$ -</u>

6. CAPITAL AND OTHER ASSETS

Capital Assets

	2001			2000
	Cost	Accumulated Amortization	Net	Net
Land	\$ 285,737	\$ -	\$ 285,737	\$ 7,057
Buildings	992,376	311,399	680,977	49,853
Equipment and furnishings	2,764,852	1,835,858	928,994	144,230
Vehicles	1,067,858	654,172	413,686	70,696
Leasehold improvements	<u>362,322</u>	<u>109,012</u>	<u>253,310</u>	<u>23,303</u>
	<u>\$ 5,473,145</u>	<u>\$ 2,910,441</u>	<u>\$ 2,562,704</u>	<u>\$ 295,139</u>

Other Assets

	2001	2000
Goodwill	\$ 1,558,029	\$ 887,200
Other	<u>60,212</u>	<u>16,913</u>
	1,618,241	904,113
Deduct: Accumulated amortization	<u>517,285</u>	<u>178,582</u>
	<u>\$ 1,100,956</u>	<u>\$ 725,531</u>
Total Capital and Other Assets	<u>\$ 3,663,660</u>	<u>\$ 1,020,670</u>

7. BANK INDEBTEDNESS

The Company has a revolving bank loan with a limit of \$3,000,000 which is secured by a general security agreement on all the present and future assets, properties and undertakings of Northfield Glass Group Inc.. Under a priorities agreement the Business Development Bank of Canada ("BDC") has a first claim on all land and buildings owned by the subsidiary. In addition, advances payable to the parent company from certain subsidiaries are subject to a Postponement and Assignment Agreement in favour of the bank in the amount of \$3,774,886. Interest is calculated at the bank's prime rate of interest plus 1%. The effective interest rate at December 31, 2001 was 5% (2000 - 8.5%).

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

7. BANK INDEBTEDNESS (continued)

The Company has a line of credit of \$545,000 available, of which \$460,036 was used at December 31, 2001. As security, Henry J. Thomas and Son Limited has provided an assignment of receivables and inventories as well as a general security agreement covering all of its assets. Interest is calculated at the bank's prime rate of interest plus 2%. The effective interest rate at December 31, 2001 was 6% (2000 - 9.5%).

As at December 31, 2001, the subsidiaries were in violation of certain covenants under their banking agreements. Northfield Capital Corporation has provided a cross-guarantee for the bank indebtedness while the subsidiaries renegotiate the covenants.

8. LONG-TERM DEBT

	2001	2000
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 11.5%.	\$ 158,367	\$ 119,622
3% notes payable, repayable in three instalments up to September 30, 2002.	189,170	339,170
10% convertible debenture, converted into 133,334 Class A shares during the year.	-	200,000
Non-interest bearing promissory notes payable, no set repayment terms.	93,990	93,990
BDC term loan, repayable in monthly instalments of \$3,750 plus interest at BDC floating rate plus 1%, maturing June 2006.	202,500	-
BDC term loan, repayable in monthly instalments of \$1,667 plus interest at BDC floating rate plus 1%, maturing November 2007.	118,375	-
BDC term loan, repayable in monthly instalments of \$1,800 plus interest at BDC floating rate plus 1%, maturing December 2008.	151,200	-
BDC term loan, repayable in monthly instalments of \$2,459 plus interest at BDC floating rate plus 1%, maturing June 2009.	<u>221,310</u>	<u>-</u>
Carry forward	1,134,912	752,782

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

8. LONG-TERM DEBT (continued)

	2001	2000
Brought forward	\$ 1,134,912	\$ 752,782
BDC term loan, repayable in monthly instalments of \$1,246 plus interest at BDC floating rate plus 0.6%, maturing December 2010.	125,928	-
Notes payable, non-interest bearing, payable in instalments of \$459,254 on January 1, 2002, \$395,834 on January 1, 2003 and \$195,832 on January 1, 2004. As security, the Company has pledged 51% of the shares acquired (Note 2).	1,020,786	-
Other	<u>7,126</u>	<u>24,825</u>
	2,288,752	777,607
Deduct: Current portion	<u>801,829</u>	<u>408,767</u>
	<u>\$ 1,486,923</u>	<u>\$ 368,840</u>

As security for all BDC term loans, Northfield Glass Group Inc. has provided a mortgage on land and building and a general security agreement covering all its assets. The BDC floating interest rate at December 31, 2001 was 6%.

Principal repayments of long-term debt are as follows:

2002	\$ 922,649
2003	493,389
2004	338,530
2005	141,914
2006	111,787
Thereafter	<u>280,483</u>
	<u>\$ 2,288,752</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

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

	Number of Shares	Consideration
Class A restricted voting shares		
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
Share options exercised	17,000	34,000
Shares issued on acquisition of subsidiary (Note 2)	55,000	302,500
Shares issued on conversion of debt (Note 8)	133,334	200,000
Shares issued for cash through private placement	<u>80,000</u>	<u>260,000</u>
Balance - December 31, 2001	2,699,021	3,506,163
Class B common shares		
Balance - December 31, 1999, 2000 and 2001	<u>3,720</u>	<u>7,680</u>
	<u>2,702,741</u>	<u>\$ 3,513,843</u>

(c) Options

As at December 31, 2001, 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, 1997	103,000	\$2.00	June 25, 2002
March 31, 1998	2,500	\$2.00	March 31, 2003
August 10, 1998	50,000	\$2.00	August 10, 2003
January 21, 1999	57,500	\$2.50	January 21, 2004
June 26, 2000	<u>15,000</u>	\$5.00	June 26, 2005
	<u>228,000</u>		

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

10. OTHER INCOME (EXPENSE)

	2001	2000
Gain on sale of long-term investments	\$ 654,370	\$ 7,545,174
Loss on sale of marketable securities	(2,610)	(172,413)
Investment and other income (losses)	171,938	(71,666)
Write-down of investments	(172,069)	-
Gain on sale of capital assets	136,104	-
Write-down of intangible assets	(155,838)	-
Equity earnings	<u>25,080</u>	<u>-</u>
	<u>\$ 656,975</u>	<u>\$ 7,301,095</u>

11. INCOME TAXES

(a) The future income tax asset (liability) is comprised of the following temporary differences:

	2001	2000
Capital and other assets	\$ (72,256)	\$ (153,000)
Income tax losses	<u>378,808</u>	<u>-</u>
	<u>\$ 306,552</u>	<u>\$ (153,000)</u>

(b) The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 41.7 % (2000 - 44.6%) were the following:

	2001	2000
Earnings before income taxes and minority interest	<u>\$ (753,538)</u>	<u>\$ 6,268,295</u>
Expected income tax expense at statutory rates	\$ (314,225)	\$ 2,795,660
Increase (decrease) resulting from:		
Non-taxable portion of capital gains	(123,604)	(842,259)
Flow-through share deductions	-	(352,161)
Refundable income taxes	-	253,344
Non-capital losses previously unrecognized	(367,877)	-
Unrecognized losses of subsidiaries	222,221	184,202
Equity earnings	(10,458)	-
Other	<u>(128,061)</u>	<u>52,862</u>
	<u>\$ (722,004)</u>	<u>\$ 2,091,648</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

11. INCOME TAXES (continued)

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

	2001	2000
Current provision (recovery)	\$ (232,996)	\$ 2,005,648
Future provision (recovery)	<u>(489,008)</u>	<u>86,000</u>
	<u>\$ (722,004)</u>	<u>\$ 2,091,648</u>

12. STATEMENT OF CASH FLOWS

(a) Items not involving current cash flows

	2001	2000
Amortization	\$ 594,531	\$ 147,829
Equity earnings	(25,080)	-
Future income taxes	(517,634)	86,000
Gain on sale of capital assets	(138,301)	-
Gain on sale of long-term investments	(746,834)	(7,545,174)
Write-down of investments	330,104	-
Other	<u>19,222</u>	<u>17,746</u>
	<u>\$ (483,992)</u>	<u>\$ (7,293,599)</u>

(b) Net change in non-cash working capital balances

	2001	2000
Receivables	\$ 17,961	\$ (714,401)
Marketable securities	(455,255)	(352,052)
Inventories	(278,519)	241,783
Prepaid expenses	56,441	(27,754)
Income taxes	(1,023,009)	588,587
Accounts payable and accrued liabilities	(214,303)	376,057
Deferred revenue	<u>(156,363)</u>	<u>156,363</u>
	<u>\$ (2,053,047)</u>	<u>\$ 268,583</u>

(c) Supplemental information

Interest paid	<u>\$ 374,843</u>	<u>\$ 126,032</u>
Income taxes paid	<u>\$ 47,500</u>	<u>\$ 1,417,057</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

13. RELATED PARTY TRANSACTIONS

During the year, the Company paid an officer consulting fees of \$123,000 (2000 - \$120,000) and the Company paid rent of \$43,331 to a company controlled by another officer. In 2000 the Company sold long-term investments to certain officers, directors, employees and related companies for proceeds of \$110,553. These transactions were 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

(a) Operating Leases

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

2002	\$ 267,221
2003	212,521
2004	182,521
2005	164,623
2006	<u>151,326</u>
	<u>\$ 978,212</u>

(b) Contingency

During 2001, the Carpenters Union in Newfoundland filed a grievance against Henry J. Thomas & Son Limited. The amount of damages, should the grievance succeed, has not been determined and no provision has been made in these financial statements with respect to this matter. Management and legal counsel believe that the grievance is not likely to succeed.

15. SEGMENTED INFORMATION

Glass sales and installation - Henry J. Thomas & Son Limited operates in the province of Newfoundland; Northfield Glass Group Inc. (formerly Thomas Glass Group Inc.) operates in the provinces of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

Other - Corporate activities and other.

	2001	2000
Revenues		
Glass sales and installation	\$ 20,396,119	\$ 6,535,098
Other	<u>730,875</u>	<u>7,369,926</u>
	<u>\$ 21,126,994</u>	<u>\$ 13,905,024</u>

NORTHFIELD CAPITAL CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2001 AND 2000

15. SEGMENTED INFORMATION (continued)

	2001	2000
Earnings before income taxes and minority interest		
Glass sales and installation	\$ (643,898)	\$ (353,159)
Other	<u>(109,640)</u>	<u>6,621,454</u>
	<u>\$ (753,538)</u>	<u>\$ 6,268,295</u>
 Additions to capital assets		
Glass sales and installation	\$ 498,656	\$ 60,311
Other	<u>5,946</u>	<u>1,282</u>
	<u>\$ 504,602</u>	<u>\$ 61,593</u>
 Total assets		
Glass sales and installation	\$ 11,162,385	\$ 3,229,644
Other	<u>6,367,410</u>	<u>8,909,574</u>
	<u>\$ 17,529,795</u>	<u>\$ 12,139,218</u>
 Amortization expense		
Glass sales and installation	\$ 595,175	\$ 118,510
Other	<u>1,312</u>	<u>29,319</u>
	<u>\$ 596,487</u>	<u>\$ 147,829</u>

16. COMPARATIVE FIGURES

The comparative figures have been reclassified from statements previously presented to conform to the presentation of the 2001 consolidated financial statements.