

**Consolidated Financial Statements of**

**Pinetree Capital Ltd.**

(Unaudited)

**September 30, 2004**

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**Consolidated Financial Statements**

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(These unaudited interim consolidated financial statements have not been reviewed by our auditors.)

**PINETREE CAPITAL LTD.**  
**Consolidated Balance Sheets**  
**As at September 30, 2004 and December 31, 2003**  
**(unaudited)**

	<b>September 30, 2004</b>	December 31, 2003 (note 3)
<b>Assets</b>		
Investments, at fair value (note 4)	\$ 74,146,077	\$ 80,016,099
Cash and cash equivalents	273,985	31,999
Advances to affiliated companies, net (notes 6(b,c))	527,015	4,170,317
Prepaid and other receivables	472,221	-
Capital assets, net	2,953	-
	<b>\$ 75,422,251</b>	<b>\$ 84,218,415</b>
<b>Liabilities and Shareholders' Equity</b>		
Due to brokers	\$ 17,293,118	\$ 20,295,492
Accounts payable and accrued liabilities	1,383,147	145,526
Income taxes payable (note 5)	2,222,638	895,694
	<b>20,898,903</b>	<b>21,336,712</b>
<b>Future tax liabilities (note 5)</b>	<b>3,363,593</b>	<b>11,464,084</b>
	<b>24,262,496</b>	<b>32,800,796</b>
<b>Shareholders' equity</b>		
Share capital (notes 3 and 7)	18,858,953	8,750,570
Contributed surplus	906,275	830,038
Retained earnings	31,394,527	41,837,011
	<b>51,159,755</b>	<b>51,417,619</b>
	<b>\$ 75,422,251</b>	<b>\$ 84,218,415</b>

See accompanying notes to the consolidated financial statements.

**PINETREE CAPITAL LTD.**  
**Consolidated Statements of Operations**  
**Three and Nine Months Ended September 30,**  
**(unaudited)**

	Three Months Ended		Nine Months Ended	
	<u>2004</u>	<u>2003</u> (note 3)	<u>2004</u>	<u>2003</u> (note 3)
<b>Net investment gains (losses)</b>				
Gain on disposal of investments, net	\$ 81,507	\$ 3,075,583	\$ 12,717,429	\$ 5,691,326
Unrealized gains (losses) on investments, net	1,347,393	9,847,895	(26,861,926)	3,966,922
	1,428,900	12,923,478	(14,144,497)	9,658,248
<b>Other revenue</b>				
Interest and dividend income (note 6(b))	12,000	140,705	97,424	409,111
Other income	41,227	-	77,808	-
	1,482,127	13,064,183	(13,969,265)	10,067,359
<b>Expenses</b>				
Operating, general and administrative (note 6(a))	551,255	714,039	3,160,869	1,452,159
Stock-based compensation	46,697	5,001	80,662	162,669
Foreign exchange loss (gain)	(141,222)	(7,192)	(131,655)	430,816
Amortization	76	-	76	-
Interest	149,429	133,319	437,402	418,321
	606,235	845,167	3,547,354	2,463,965
<b>Income (loss) before income taxes and extraordinary gain</b>	875,892	12,219,016	(17,516,619)	7,603,394
<b>Provision for (recovery of) income taxes (note 5)</b>	855,929	3,227,791	(6,319,223)	1,489,659
<b>Income (loss) before extraordinary gain</b>	19,963	8,991,225	(11,197,396)	6,113,735
<b>Extraordinary gain from acquisition</b>	171,198	-	754,912	-
<b>Net income (loss) for the period</b>	\$ 191,161	\$ 8,991,225	\$ (10,442,484)	\$ 6,113,735
<b>Basic and diluted earnings (loss) per common share</b>				
Before extraordinary gain	\$ 0.00	\$ 0.98	\$ (0.99)	\$ 0.65
Extraordinary gain	0.01	-	0.07	-
Net income (loss)	\$ 0.01	\$ 0.98	\$ (0.92)	\$ 0.65
<b>Weighted average number of common shares outstanding</b>				
Basic	13,734,341	9,163,461	11,323,264	9,343,729
Diluted	13,775,258	9,163,461	11,323,264	9,343,729

See accompanying notes to the consolidated financial statements.

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**PINETREE CAPITAL LTD.**  
**Consolidated Statements of Retained Earnings**  
**Nine Months Ended September 30,**  
**(unaudited)**

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	<u>2004</u>	2003 (note 3)
Retained Earnings, beginning of period	\$ 41,837,011	\$ 32,647,655
Net income (loss) for the period	<u>(10,442,484)</u>	6,113,735
Retained Earnings, end of period	\$ 31,394,527	\$ 38,761,390

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See accompanying notes to the consolidated financial statements.

**PINETREE CAPITAL LTD.****Consolidated Statements of Cash Flows****Three and Nine Months Ended September 30,****(unaudited)**

	Three Months Ended		Nine Months Ended	
	2004	2003 (note 3)	2004	2003 (note 3)
<b>Cash flows from (used in) operating activities</b>				
Net income (loss) for the period	\$ 191,161	\$ 8,991,225	\$ (10,442,484)	\$ 6,113,735
Items not affecting cash				
Gain on disposal of investments, net	(81,507)	(3,075,583)	(12,717,429)	(5,691,326)
Unrealized losses (gains) on investments, net	(1,347,393)	(9,847,895)	26,861,926	(3,966,922)
Amortization	76	-	76	-
Stock-based compensation expense	46,697	5,001	80,662	162,669
Acquisition adjustments	171,198	-	(2,302,398)	-
Extraordinary gain from acquisition	(171,198)	-	(754,912)	-
Future income taxes	1,132,173	2,842,928	(8,100,491)	1,104,796
	(58,793)	(1,084,324)	(7,375,050)	(2,277,048)
Changes in non-cash working capital balances related to operations				
Advances to affiliated companies	708,315	(19,107)	3,643,302	2,140,804
Prepaid and other receivables	(280,292)	(119,792)	(472,221)	(211,606)
Due to brokers	3,923,027	3,020,769	(3,002,374)	4,115,156
Accounts payable and accrued liabilities	(261,866)	249,299	1,237,621	373,029
Income taxes payable	(730,568)	1,168,209	1,326,944	1,168,209
	3,299,823	3,215,054	(4,641,778)	5,308,544
<b>Cash flows from (used in) financing activities</b>				
Purchase of shares under normal course issuer bid	(240,085)	(346,488)	(813,609)	(795,764)
Proceeds from issue of share capital	336,597	-	347,847	-
Cancellation of Pinetree shares held by Genevest	-	-	(1,995,000)	-
Cancellation of Genevest shares held by Pinetree	-	-	(4,620,883)	-
Share issuance costs	10,807	-	(10,807)	-
	107,319	(346,488)	(7,092,452)	(795,764)
<b>Cash flows from (used in) investing activities</b>				
Purchase of capital assets	(3,029)	-	(3,029)	-
Purchase of investments	(7,719,789)	(16,178,413)	(40,425,646)	(35,123,405)
Proceeds on disposal of investments	4,500,731	13,072,688	52,404,891	30,028,489
	(3,222,087)	(3,105,725)	11,976,216	(5,094,916)
<b>Net increase (decrease) in cash and cash equivalents, during the period</b>	<b>185,055</b>	<b>(237,159)</b>	<b>241,986</b>	<b>(582,136)</b>
<b>Cash and cash equivalents (bank indebtedness), beginning of period</b>	<b>88,930</b>	<b>(250,890)</b>	<b>31,999</b>	<b>94,087</b>
<b>Cash and cash equivalents (bank indebtedness), end of period</b>	<b>\$ 273,985</b>	<b>\$ (488,049)</b>	<b>\$ 273,985</b>	<b>\$ (488,049)</b>
<b>Supplemental cash flow information</b>				
Income taxes paid	\$ 500,000	\$ -	\$ 500,000	\$ -
Interest paid	\$ 149,429	\$ 133,319	\$ 437,402	\$ 418,321

See accompanying notes to the consolidated financial statements.

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**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
**September 30, 2003**  
**(unaudited)**

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**1. Nature of business:**

Pinetree Capital Ltd. ("Pinetree" or the "Company") was incorporated under the laws of the Province of Ontario and is publicly traded on the Toronto Stock Exchange (TSX) under the symbol "PNP". Pinetree's principal business is to fund emerging growth businesses with breakthrough proprietary products. The Company's interests are primarily in companies with application and platform software technologies, telecommunications and fibre optics technologies, and biomedical technology. Pinetree also takes advantage of special situations and merchant banking opportunities and makes investments in other public companies in a variety of sectors, primarily in gold and other mineral resources.

**2. Significant accounting policies:**

Management has prepared the unaudited interim consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles for interim financial reporting. Accordingly, they do not include all of the information and notes required by Canadian generally accepted accounting principles for annual financial statements. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period.

Management has prepared the consolidated financial statements after giving effect to the combination of Pinetree and Genevest Inc. ("Genevest") and the related transactions on the basis described in Note 3 below. The consolidated financial statements of Pinetree have been derived from the following:

- the unaudited consolidated financial statements of Pinetree as at and for the four months ended September 30, 2004; and
- the unaudited consolidated financial statements of Genevest as at and for the nine months ended September 30, 2004.

The following adjustments were made with respect to the consolidated financial statements:

- The elimination of the inter-company advances and inter-company interest and dividends between Pinetree and Genevest for the four months ended and as at September 30, 2004.
- The reversal of Pinetree's amortization of capital assets after the business combination.
- The allocation of the aggregate purchase price to Pinetree's net assets, in accordance with the reverse take-over method of accounting as described in Note 3.

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**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
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**2. Significant accounting policies (continued):**

The combination has been reflected as an acquisition of Pinetree by Genevest in these consolidated financial statements. The consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing Genevest's audited consolidated financial statements as at and for the year ended December 31, 2003. The following information should be read in conjunction with the description of the transaction in the Joint Management Information Circular ("Circular") of Pinetree and Genevest dated April 20, 2004 and in Note 3 of these notes to the consolidated financial statements, and the consolidated financial statements and notes thereto included in the Genevest's annual consolidated financial statements for the year ended December 31, 2003 which are also included in the Circular. Accounting policies followed in the preparation of the annual consolidated financial statements are consistent with those used in the preparation of the September 30, 2004 interim consolidated financial statements.

**3. Business combination:**

Acquisition of Genevest

On June 1, 2004, Pinetree had acquired Genevest by amalgamating Genevest with Pinetree's wholly owned subsidiary, 981268 Alberta Ltd. Existing common shares of Genevest were exchanged for common shares of Pinetree on the basis of 2.2 pre-consolidation common shares of Pinetree for each common share of Genevest. The 1,874,803 common shares of Genevest that were held by Pinetree were sold to 981268 Alberta Ltd. prior to the amalgamation for proceeds of \$4,620,883 and subsequently cancelled after the amalgamation.

Effective June 2, 2004, Pinetree consolidated its issued and outstanding common shares on a one new for 1.75 old basis and changed its name from "Pinetree Capital Corp." to "Pinetree Capital Ltd." After giving effect to the consolidation and name change, shareholders of Genevest received approximately 1.26 post-consolidation common shares of Pinetree for each Genevest common share.

Pinetree also issued stock options to replace the existing Genevest stock options. Each Genevest stock option will allow the holder to purchase 1.26 post-consolidation Pinetree common shares for an exercise price equal to the exercise price of the Genevest stock options previously held divided by 1.26, and with an expiry date and vesting provisions similar to those of the previously outstanding Genevest stock options.

Pinetree acquired all of the remaining issued and outstanding shares of Genevest for a deemed aggregate consideration of \$15,030,212 by issuing 16,826,860 pre-consolidation common shares of Pinetree.

The transaction was accounted for as a reverse takeover of Pinetree by Genevest in accordance with the accounting requirements of Emerging Issues Committee Abstract #10 of the Canadian Institute of Chartered Accountants' Handbook, since the former shareholders of Genevest will hold

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70.4% of the post amalgamation common shares of Pinetree immediately after the completion of the transaction.

**Pinetree Capital Ltd.**  
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**3. Business combination (continued):**

Application of reverse takeover accounting results in the following:

- (a) The consolidated financial statements of the combined entity are issued under the name of the legal parent (Pinetree) but are considered a continuation of the financial statements of the legal subsidiary (Genevest).
- (b) As Genevest is deemed to be the acquirer for accounting purposes, its assets and liabilities are included in the consolidated financial statements of the continuing entity at their carrying values. Any comparative figure of prior periods will reflect the results of operations of Genevest exclusively.
- (c) Genevest is deemed to acquire control of the net assets and operations of Pinetree effective June 1, 2004. For purposes of this transaction, the deemed consideration is \$15,201,410, being 82.5% of the net assets of Pinetree immediately prior to the business combination, plus transaction costs of \$171,198.

Prior to the business combination Genevest had an ownership interest in Pinetree of 17.5% and, upon completion of the transaction, purchased an additional 82.5% of Pinetree's net assets.

The total purchase price will be allocated to the fair value of Pinetree's net assets as follows:

	<b>As at June 1, 2004</b>
<b>Purchase price</b>	
Original investment in Pinetree common shares at fair value	\$ 1,995,000
82.5% of the fair value of Pinetree's net assets acquired	15,030,212
Transaction costs	171,198
	<u>\$ 17,196,410</u>
<b>Fair value of Pinetree's net assets acquired</b>	
Current assets	\$ 5,056,786
Investments	20,253,719
Capital assets, net	267,117
	<u>25,577,622</u>
Less: current liabilities	(7,198,792)
½ Transaction costs	(171,198)
½ Share issuance costs	10,807
	<u>\$ 18,218,439</u>
<b>Fair value of net assets assumed</b>	
	<u>\$ 18,218,439</u>
<b>Excess of fair value of net assets assumed over purchase price</b>	<u>\$ 1,022,029</u>
<b>Allocation of the excess fair value:</b>	
Capital assets	267,117
Extraordinary gain	754,912
	<u>\$ 1,022,029</u>

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**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
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**3. Business combination (continued):**

The excess of fair value of net assets assumed over purchase price represents negative goodwill which is recorded as a reduction of Pinetree's net capital assets balance with the excess recorded as an extraordinary gain in accordance with Canadian generally accepted accounting principles. This extraordinary gain is not taxable.

The following is a summary of the Share Capital after the business combination:

	Number of shares	Amount (\$)
<b>Common Shares:</b>		
<b>Balance as at December 31, 2003</b>	8,758,669	\$ 8,750,570
Issued for cash pursuant to exercise of stock options	3,439	-
Issued for cash pursuant to exercise of stock options	-	15,675
Purchased for cash under issuer buyback plan	(215,000)	-
Purchased for cash under issuer buyback plan	-	(504,279)
Cancellation of Genevest shares held by Pinetree	-	(4,620,883)
Cancellation of Pinetree shares held by Genevest	(1,500,000)	-
Shares issued to Genevest shareholders	16,826,860	15,201,410
Share issuance costs		(10,807)
<b>Common shares before reverse split, June 1, 2004</b>	<u>23,873,968</u>	<u>18,831,686</u>
Reverse split (1.75:1) on June 2, 2004	13,642,267	-
Purchased for cash under issuer buyback plan	(165,500)	(309,330)
Issued for cash pursuant to exercise of stock options	282,855	336,597
<b>Balance as at September 30, 2004</b>	<u>13,759,622</u>	<u>\$ 18,858,953</u>

In accordance with Emerging Issues Committee Abstract #10 of the Canadian Institute of Chartered Accountants' Handbook, the number of common shares disclosed reflects that of the legal parent, Pinetree.

**4. Investments:**

**(I) Investments consist of the following as at September 30, 2004:**

Security Description	Cost	Fair Value
<b>Investments in gold and mineral resource companies</b>		
Hecla Mining Company	\$ 3,154,831	\$ 5,433,294
FNX Mining Company Inc.	2,357,298	3,813,760
Western Canadian Coal Corp.		
50,000 warrants expire Apr 15, 2005	759,994	1,583,500
Alamos Gold Inc.	923,499	1,575,000
High River Gold Mines Ltd.	1,293,860	1,567,794
Other investments in gold and mineral resource companies (a)	30,471,115	35,126,356
	<u>38,960,597</u>	<u>49,099,704</u>

**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
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**4. Investments (continued):**

	Security Description	Cost	Fair Value
<b>Investments in biotechnology companies</b>			
ChondroGene Limited	1,795,895 common shares	\$ 1,155,453	\$ 1,975,485
LAB International Inc.	1,000,000 common shares		
	750,000 warrants expire Nov 1, 2005		
	50,000 warrants expire Dec 22, 2005	1,350,000	1,080,000
Spectral Diagnostics Inc.	422,500 common shares		
	200,000 warrants expire Feb 15, 2005	1,055,000	802,750
Alegro Health Corp.	1,500,000 common shares		
	750,000 warrants expire Aug 4, 2006	375,000	825,000
Haemacure Corp.	2,750,000 common shares		
	1,000,000 warrants expire Mar 19, 2006	752,500	701,250
Other investments in biotechnology companies (a)		586,357	191,993
		<b>5,274,310</b>	<b>5,576,478</b>
<b>Other investments</b>			
Enghouse Systems Limited (b)	800,000 common shares	968,515	7,472,000
Fiber Optics Systems Technology Inc.	3,909,400 common shares		
	506,848 warrants expire Oct 13, 2005		
	2,294,311 warrants expire Feb 27, 2006	2,942,846	2,942,846
AirIQ Inc.	2,643,611 common shares		
	1,111,111 warrants expire Dec 17, 2005	895,171	1,242,497
CES Software plc	400,000 common shares	738,970	1,207,800
Tengtut International Corp.	2,212,710 common shares		
	150,000 warrants, tba	2,095,117	1,006,792
Other equity investments (a)		8,968,213	5,597,960
		<b>16,608,832</b>	<b>19,469,895</b>
Total investments		<b>\$ 60,843,739</b>	<b>\$ 74,146,077</b>

**(II) Investments consist of the following as at December 31, 2003:**

	Security Description	Cost	Fair Value
<b>Investments in gold and mineral resource companies</b>			
Newmont Mining Corporation	61,500 common shares	\$ 3,354,420	\$ 4,998,451
Hecla Mining Company	462,500 common shares	1,780,768	4,955,223
Wheaton River Minerals Ltd.	710,000 common shares		
	100,000 warrants expire May 30, 2007		
	82,500 warrants expire Aug 25, 2008	978,795	3,152,850
FNX Mining Company Inc.	454,500 common shares	1,403,299	3,963,240
Gold Fields Limited	132,500 common shares	2,138,940	2,636,756
Other investments in gold and mineral resource companies (a)		29,438,944	45,678,547
		<b>39,095,166</b>	<b>65,385,067</b>
<b>Investments in biotechnology companies</b>			
LAB International Inc.	1,655,500 common shares		
	750,000 warrants expire Nov 1, 2005		
	50,000 warrants expire Dec 22, 2005	2,037,825	1,832,050
ChondroGene Limited	1,371,500 common shares	670,307	1,028,625
Spectral Diagnostics Inc.	400,000 common shares		
	200,000 warrants expire Feb 15, 2005	1,034,834	1,060,000
Hemosol Inc.	400,000 common shares		
	400,000 warrants expire Nov 28, 2006	300,000	770,400

**Pinetree Capital Ltd.**  
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**4. Investments (continued):**

	Security Description	Cost	Fair Value
<b>Investments in biotechnology companies (continued)</b>			
TM Biosciences Corp.	937,500 common shares		
	468,750 warrants expire Jun 22, 2005	\$ 300,000	\$ 303,750
Other investments in biotechnology companies (a)		111,675	267,650
		4,454,641	5,262,475
<b>Other investments</b>			
Tengt International Corp.	1,013,750 common shares		
	150,000 warrants	763,716	2,097,866
TrekLogic Technologies Inc.	950,000 common shares	485,278	1,758,425
Pinetree Capital Corp.	1,500,000 common shares	1,687,700	1,500,000
AirIQ Inc.	2,623,111 common shares		
	1,111,111 warrants expire Dec 17, 2005	1,004,513	1,370,576
GeoGlobal Resources Inc. (formerly Suite 101.com Inc.)	362,000 common shares		
	150,000 warrants expire Dec 23, 2005	495,734	635,807
Other equity investments (a)		1,878,858	2,005,883
		6,315,799	9,368,557
Total investments		\$ 49,865,606	\$ 80,016,099

(a) Other investments in gold and mineral resources companies, biotechnology companies, and other equity investments include all investments which are not in the top five investments in their respective category, by fair value, held by the Company as at September 30, 2004 and December 31, 2003.

(b) On September 15, 2004, Enghouse Systems Limited had a 2 for 1 stock split.

**5. Income taxes:**

(a) Income tax expense attributable to income (loss) before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 36.12% (September 30, 2003 – 35.12%) of pre-tax income as a result of the following for the nine months end September 30, :

	2004	2003
Income (loss) before income taxes and extraordinary gain	\$ (17,516,619)	\$ 7,603,394
Computed "expected" income tax expense (recovery)	\$ (6,327,003)	\$ 2,670,312
Rate differential	—	16,295
Net future tax asset not recognized	(193,107)	—
Non-taxable portion of dividend income	(8,117)	—
Non-taxable portion of capital gains	(429,793)	(604,425)
Non-taxable portion of unrealized losses	574,031	(118,121)
Permanent and other differences	64,766	(474,402)
Provision for income taxes	\$ (6,319,223)	\$ 1,489,659

**5. Income Taxes:**

**Pinetree Capital Ltd.**  
**Notes to Consolidated Financial Statements**  
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(b) Significant components of the provision for income taxes for the nine months ended September 30 are as follows:

	2004	2003
Current tax expense	\$ 1,781,268	\$ —
Prior-year's corporate minimum tax		384,863
Future income tax recoverable relating to origination and reversal of temporary differences	(8,100,491)	1,204,796
Recovery of income taxes	\$ (6,319,223)	\$ 1,489,659

(c) The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities are presented below:

	September 30, 2004	December 31, 2003
<b>Future tax assets</b>		
Non-capital losses carried forward	\$ 4,063,747	\$ —
Future tax assets	4,063,747	—
<b>Future tax liabilities</b>		
Investments – differences in accounting cost and tax cost	(5,872,991)	(11,464,084)
Future tax liabilities	(5,872,991)	(11,464,084)
<b>Total future tax assets and liabilities</b>	<b>\$ (1,809,244)</b>	<b>\$ (11,464,084)</b>
Less : valuation allowance	(1,554,349)	—
<b>Net future tax liabilities</b>	<b>\$ (3,363,593)</b>	<b>\$ (11,464,084)</b>

**6. Related party transactions:**

(a) During the period, the Company had consulting agreements with officers and directors representing approximately \$29,500 (September 30, 2003 - \$37,000) per month. Included in operating, general and administrative expenses in the nine months ended September 30, 2004 is approximately \$315,000 (September 30, 2003 - \$333,000) paid under these contracts. Included in the consulting agreement for the Chairman and Chief Executive Officer of the Company, is an annual bonus equal to 10% of the realized pre-tax profit of the Company. Included in operating, general and administrative expenses is \$1,044,544 (nine months ended September 30, 2003 - \$404,608) relating to this bonus. The Company also paid \$749,000 upon the termination of the consulting agreement for the Chairman and Chief Executive Officer of Genevest effective May 31, 2004.

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**Pinetree Capital Ltd.**  
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**6. Related party transactions (continued):**

- (b) As at September 30, 2004, the Company's advances to affiliated companies of \$727,015 (December 31, 2003 - \$1,361,592) was to Brownstone Ventures Inc. ("Brownstone"), a reporting issuer trading on the TSXV under the symbol "BWN", bear interest at Royal Bank Prime plus 1% per annum and are collateralized by a general security agreement on all present and future tangible and intangible personal property of Brownstone. Included in the consolidated statements of operations is approximately \$45,500 (nine months ended September 30, 2003 - \$94,000) of interest income relating to interest charged to Brownstone. In addition, the Company holds an investment in Brownstone of \$759,330 (December 31, 2003 - \$485,000).
- (c) As at September 30, 2004, the Company had advances of \$200,000 from an affiliated company, PowerOne Capital Markets Limited, an Ontario limited market dealer. The Company has a 50% interest in PowerOne Capital Markets Limited.
- (d) Other income includes consulting income of \$71,808 (nine months ended September 30, 2003 - \$nil) from companies in which Pinetree has an investment interest.
- (e) The Company has a cost sharing arrangement with certain of its affiliated companies covering specific operating, general and administrative expenses including lease commitments and salaries.

**7. Share Capital:**

On June 9, 2004, the Company had planned to purchase up to 680,000 common shares through a normal course issuer bid (the "2004 NCIB"). The 2004 NCIB runs from June 11, 2004 to June 10, 2005. Purchase and payment for the common shares will be made in accordance with the TSX requirements. During the current period, pursuant to the 2004 NCIB, the Company had purchased 165,500 common shares of the Company at an average price of \$1.87 per share.

Subsequent to the Business Combination, the Company issued 282,855 common shares of the Company pursuant to the exercise of stock options for proceeds of \$336,597.

**8. Comparative consolidated financial statements:**

The comparative interim consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the interim 2004 consolidated financial statements.