



PINETREE[®]

ANNUAL

REPORT

2002



Venture to Grow.[®]



Company Profile

Pinetree Capital Corp. is a publicly traded venture capital firm which strategically invests in early stage technology companies. Pinetree's investment targets have solid proprietary technology in Application and Platform Software, Telecommunications and Fibre Optics, and Biomedical Technology, as well as other emerging technology areas.

Pinetree takes leadership positions in the companies in which it invests, and provides them with financial and personnel resources, as well as strategic counsel, in order to help the companies mature into successful commercial enterprises.

The businesses in which Pinetree invests are, by their nature, at the leading edge of technological innovation in their respective fields. It is Pinetree's proven ability to identify and help grow these budding technologies that creates increasing value for Pinetree's shareholders.

In addition to our core business, Pinetree also takes advantage of special situations, merchant banking opportunities and investments in public companies in order to increase shareholder value.



Table of Contents

Inside Front	Company Profile
4	Letter to Shareholders
7	Management's Discussion and Analysis
11	Consolidated Financial Statements
12	Report of Management
13	Auditors' Report to the Shareholders
14	Consolidated Balance Sheets
15	Consolidated Statements of Operations
16	Consolidated Statements of Deficit
17	Consolidated Statements of Cash Flows
18	Notes to Consolidated Financial Statements
28	Strategic Investment Portfolio
Inside Back	Corporate Directory
	Shareholder Information



Letter to Shareholders

April 2, 2003

Dear Shareholders:

Fiscal 2002 began on a positive note from an economic perspective, with stock markets rebounding off the lows of the prior year and the Canadian economy, in particular, showing excellent resiliency. However, the stock markets have fallen significantly from highs reached early in 2002 and they continue to struggle into the first quarter of 2003. These continuing market gyrations affect both Pinetree's net asset value, since many of our holdings are public and subject to market variations, as well as our market capitalization, as both are closely tied to general market sentiment.

Our stock price performance in 2002 almost exactly mirrored the change in the Toronto Stock Exchange during the same period. However, since the end of the year, Pinetree's stock price has significantly outperformed the TSX 60 index, bringing our stock price more into line with our underlying Net Asset Value per share, which stood at \$1.05 (basic) and \$0.94 (diluted) at year end.

The investment environment has changed dramatically over the last two years and we are continuing to respond to the new investing realities in a number of ways. First, we are working much more closely with many of our current investee companies, and making further investments in them as necessary, as they come out of their "survival" stage and poise themselves for growth in their respective markets.

Second, we are expanding our investment scope. In the past, we focused exclusively on early stage technology-based organizations. This continues to be a difficult area in which to invest, and although

our expertise here will allow us to continue to identify unique and compelling technologies, we are also planning to invest in more mature, profitable businesses which are in need of capital and business expertise in order to grow, transition management, recapitalize, etc. We have not yet made any such investments, but are actively looking at this type of investment target.

Thirdly, and the one that is most exciting for us, is a new focus on investment opportunities in China. During fiscal 2002,

Pinetree made an investment in Tengtu International Corp., which is the leading developer, marketer, distributor, and integrator of distance learning solutions and e-education software in the People's Republic of China. Tengtu is helping to fulfil the Government of China's mandate to make computerized

education available to 250 million students in 800,000 schools from kindergarten through 12th grade (K-12) schools. We have visited China and are extremely impressed with the opportunities for investment and growth there. We plan to continue investigating how we can invest directly in Chinese companies and in Canadian companies doing business in China, as well as how to help our current investees sell into that huge market.

Pinetree Results and Events

Although 2002 was a challenging year, Pinetree's results were much improved over 2001. Our net loss after taxes for 2002 was \$8,757,859 versus a loss of \$26,621,467 in the prior year. However, we had a profit of \$483,048 in the fourth quarter of 2002, the first quarterly profit since the second quarter of fiscal 2001, when the current market decline began.



Net investment losses for the fiscal year were \$7,173,865, of which \$6,492,525 were unrealized losses. We had \$668,032 of realized gains on sales of investments as compared to a loss of \$5,910,933 in 2001.

The Fair Value of Pinetree's investment portfolio was \$18,206,529 as at December 31, 2002 versus \$23,803,024 at December 31, 2001. The cost of the portfolio on hand as at December 31, 2002 was \$19,822,000 as compared to \$17,563,000 at December 31, 2001.

In 2002, we completed the sale of Softquad Software Ltd. to Corel Corporation on a share for share exchange.

Subsequent to the closing of the transaction in March of 2002, we divested all of the Corel shares received in the transaction.

During the year, Dr. Douglas Wright left Pinetree's board to concentrate on his many other activities. As well, Harvey Tepner and David Williams will be leaving the board after the Annual General Meeting scheduled for May 28, 2003. We would like to thank both Harvey and David for their many contributions to the board. We will be adding two new board members at the AGM on May 28th.

Application and Platform Technology Software Portfolio

We made one key investment in this sector in 2002, to which I referred earlier in this letter. We participated in a private placement in Tengtu International Corp. as part of a US\$11 million financing of Tengtu (which is listed on the NASDAQ Bulletin Board (TNTU:OTC.BB)). Although our investment amount was not large, we have since become involved in many of Tengtu's activities in China and look forward to increasing our involvement in China.

We have maintained the bulk of our holdings in Enghouse Systems Limited, a leader in Geographic Information Systems solutions for Telecommunications and Utility companies, and whose shares are traded on the Toronto Stock Exchange ("ESL"). Enghouse has continued its profitable ways, with \$5.5 million of net income on revenues of \$13.8 million for their year ended October 31, 2002. During 2002, Enghouse

began to execute on its acquisition strategy, purchasing 100% of two companies.

Enghouse management expects both of these to be accretive to Enghouse's earnings in fiscal 2003. As at January 31, 2003 Enghouse had almost \$70 million of cash and short-term investments, keeping it poised for further acquisitions. Pinetree's holdings in Enghouse have an approximate market value of \$6,030,000 at the time of writing this letter.

The Telecommunications and Fibre Optics Sector

The telecommunications and fibre optics sectors have seen a significant downturn in the last 24 months and there is no immediate turnaround in sight. A company in which we have had a long-term investment, NSI Global Inc. ("NSI"), shut down its broadband subsidiary through a voluntary bankruptcy proceeding. However, NSI continues to operate its mobile data operation which has become the largest part of its business with the best potential for growth and profitability. NSI's mobile data business sells satellite based wireless systems and equipment that permit customers to remotely monitor and manage assets such as trucks, trailers, boats, pipeline facilities, etc. As at the date of this letter, Pinetree's holding in NSI had an approximate market value of \$181,550.

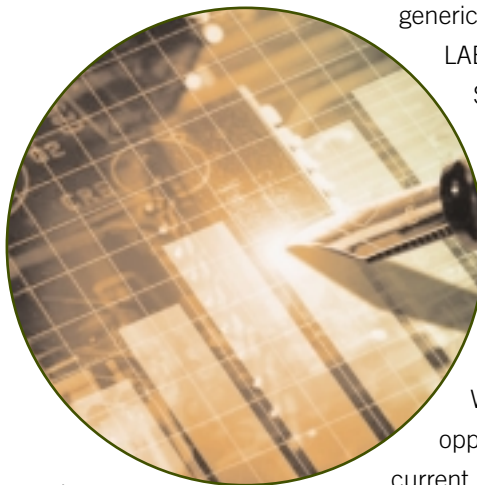


Fiber-Optics Systems Technology Inc. ("Fox-Tek"), in which Pinetree holds an approximate 25% interest, has unique technology for using fibre optics to monitor structures such as buildings, bridges, dams, and oil and gas infrastructures. The company is in the early stages of commercialization, and is now focused on the pipeline monitoring activities of the oil and gas sector, where companies currently spend approximately \$4.5 billion each year in North America alone to monitor their pipelines.

The Biomedical Technology ("Biotech") Sector

Pinetree's biomedical technology investments are made through GeneVest Inc. ("GeneVest"), a company in which Pinetree has an 18.4% interest.

GeneVest's primary investment was in Visible Genetics Inc ("VGI"), a leader in the field of pharmacogenetics. In October 2002, VGI was sold to Bayer Corporation for cash consideration of US\$1.50 per share.



During 2002, GeneVest made an investment in LAB International Inc. ("LAB"), a Montreal-area based Contract Research Organization (CRO) which combines its infrastructure, expertise and sustainability with the earnings potential of a successful biotech. The company has a growing pipeline of in-licensed therapeutic products including new chemical entities (NCE's) and novel formulations of existing therapeutics. In addition,

LAB continues to develop newly emerging generic drugs and veterinary products.

LAB's shares trade on the Toronto Stock Exchange under the symbol "LAB". GeneVest holds an approximate 5% interest in LAB with an approximate market value of \$1,650,000 as at the date of this letter.

We are excited about the opportunities available to our current investee companies and look forward to becoming involved in those new investment areas to which I referred earlier.

Thank you for your ongoing support of Pinetree.

Sincerely,

Sheldon Inwentash
Chairman and Chief Executive Officer

Management's Discussion and Analysis

Nature of the Business

Pinetree Capital Corp. ("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 and technologies. Pinetree's interests are primarily in companies with application and platform software technologies, telecommunications and fibre optics technologies, and biomedical technologies. With cash which has not been committed to long term investments, the Company trades in marketable securities with the objective of achieving gains thereon. As at December 31, 2002, the Company held marketable securities with a quoted market value of approximately \$4.8 million, of which approximately \$3.7 million represented investments in mineral resource properties.

Results of Operations

Effective January 1, 2002, the Company adopted CICA 3870 "Stock-based Compensation and Other Stock-based Payments". As permitted by CICA 3870, the Company has applied this change prospectively for new awards granted on or after January 1, 2002. Under this new standard, companies that do not follow the fair value method of accounting for stock-based awards granted to employees are required to provide pro forma disclosure in each quarterly and annual report of net income and earnings per share under the fair value method. However, stock options granted to non-employees and consultants are accounted for in accordance with the fair value method of

accounting for stock-based compensation. There were no stock options granted during the year ended December 31, 2002. Accordingly, there was no impact on the consolidated financial statements and notes as a result of the application of the new standard.

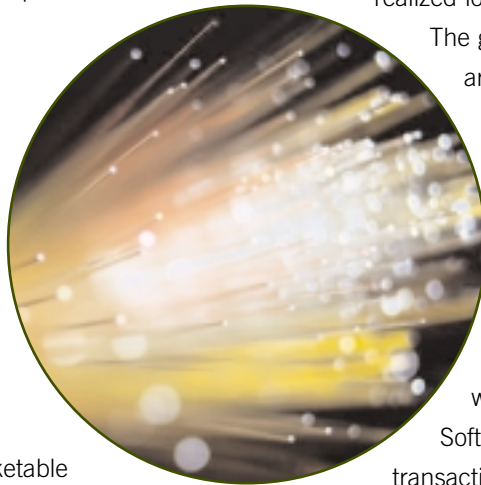
For the year ended December 31, 2002, the Company generated realized net gains on disposal of investments of \$668,032 compared to net realized losses in 2001 of \$5,910,933.

The gains in the current period arose primarily on the exchange of SoftQuad Software, Ltd. ("SoftQuad") common shares for Corel Corporation common shares. In August 2001, Corel Corporation had signed a Definitive Agreement with SoftQuad whereby Corel would acquire SoftQuad in an all stock transaction. The transaction closed on March 15, 2002 (see section on Investments for more details).

The Company had reversals of previously recorded unrealized net gains of \$1,349,372 in the year, compared to reversals of unrealized net losses of \$2,453,116 in the prior year. These reversals arise when investments are sold on which we recorded unrealized net gains or losses in prior periods.

In the year ended December 31, 2002, Pinetree recorded unrealized net losses on investments of \$6,492,525 versus unrealized net losses of \$25,276,199 last year. The unrealized net losses recorded during the year relate to adjustments to market value and write-downs of some of our private investments (see section on Investments).

Interest and dividend income totalled \$24,963 in the year ended December 31, 2002 compared to \$212,712 in 2001. The drop was due to the reduction to zero of advances to



affiliated companies and from a write down of a convertible debenture to nil from which interest was earned in the prior year. Other income was \$214,064 for the year compared to \$328,121 last year. The decrease in other income arose primarily from decreases in consulting fees the Company receives from its investee companies.

Operating, general and administrative expenses in the year ended December 31, 2002 decreased to \$1,339,161 from \$2,122,001 in 2001.

The decrease was primarily from reimbursement of office costs from one of its investee companies, staff reductions and less private investment activities which resulted in reduced spending for public relations and professional fees.

The Company experienced an unrealized foreign exchange gain on its US dollar denominated net assets of \$68,570 versus a foreign exchange loss on net assets of \$258,833 in the year ended December 31, 2002. Amortization expense for the year was \$88,329 versus \$72,637 in 2001. The increased amortization was due to an increase in leasehold improvements which will be amortized over the six year term of the Company's head office space lease. Interest expense was \$464,101 versus \$447,817 in 2001 because of increased amounts due to an affiliated company.

Net loss after taxes for the year was \$8,757,859 (\$0.94 per share – basic and diluted) arising primarily from reversal of previously recognized gains on disposal of investments and net unrealized losses on investments. For last year, net loss after taxes was \$26,621,467 (\$2.81 per share – basic and diluted), arising primarily from net realized and unrealized losses on investments.



Cash flows

Cash flows from operating activities were \$1,473,869 in 2002, a net increase of \$1,457,073 from \$16,796 in 2001. Cash received was primarily from brokers which increased by \$4,116,025. The cash received was offset by a net decline in advances from affiliated companies of \$2,390,775.

Cash flows used in financing activities was \$94,398 in 2002, a net decrease of \$4,248 from \$90,150 in 2001. The decrease was primarily a result of monies received from an exercise of warrants and a partial repayment received in 2001 from a promissory note relating to an employee stock option purchase plan.

Cash flows used in investing activities was \$1,234,552 in 2002 as compared to \$125,078 in 2001. During the year, the Company purchased investments of \$15,729,514, an increase of \$7,173,359 as compared to \$8,556,155 in 2001. The Company had proceeds from its disposition of investments of \$14,152,144 as compared to \$8,684,546 in 2001.

Investments

In January, 2002, the Company purchased 700,000 common shares of NSI Global Inc. (TSX:NGL) for \$350,000 as part of a \$14.2 million private placement financing completed by NSI Global Inc.

In August 2001, SoftQuad Software, Ltd. signed a Definitive Agreement with Corel Corporation to be acquired by Corel in an all stock transaction. The sale closed on March 15, 2002 and Pinetree received 1,334,462 common shares of Corel Corporation in exchange for its holdings in SoftQuad Software, Ltd. for a realized gain of

\$2,721,320. Subsequent to March 15, 2002, the Company sold all of its common shares of Corel Corporation for proceeds of \$1,895,385, resulting in realized losses of \$1,507,493. The net realized gain in the year on the Company's transactions with its holdings in SoftQuad Software, Ltd. and Corel Corporation was \$1,213,827.

In fiscal 2001, the Company had advanced US\$410,000 to Solomon Technologies, Inc. ("Solomon") in the form of an 11% convertible promissory note which was due on January 18, 2002.

The convertible debenture is in default and the Company is currently negotiating with Solomon regarding the disposition of the debt. As at December 31, 2002, the Company had written down to nil its investment in Solomon and reversed its recognized interest income associated with the debenture. The write-down contributed \$703,573 of the Company's unrealized losses in the year and reduced interest income by \$79,537.

During the year ended December 31, 2002, the Company wrote down 50% of its investment in Primacy Corporation due to market conditions for Primacy's products. The Company also had significant market value reductions to its investments in NSI Global Inc., GeneVest Inc., and Lumenon Innovative Lightwave Technology Inc. The write-down and market value adjustments contributed \$4,650,932 of the Company's unrealized losses in the year.

Liquidity and Capital Resources

The market value of Pinetree's portfolio decreased to \$18,206,529 from \$23,803,024 at the end of fiscal 2001. Cash and cash equivalents stood at \$236,106 on December 31, 2002 as compared to

\$91,187 at the end of the previous fiscal year. Net advances from affiliated companies increased by \$2,053,791 from \$4,572,256 at December 31, 2001 to \$6,626,047 at December 31, 2002. The Company was repaid all of the \$1,384,537 that was receivable from affiliated companies as at December 31, 2001. The amounts due to brokers increased by \$1,055,724 in the year.

As at December 31, 2002, the Company's net asset value per share was \$1.05 (basic) and \$0.94 (diluted) as compared to \$1.98 and \$1.76, respectively, as at December 31, 2001.

The Company continues to have no long-term debt; however, the Company made a lease commitment for its premises starting June 1, 2001 for annual payments of approximately \$243,000 (\$20,290 monthly) until May 31, 2007.

In fiscal 2001, the Company had planned to purchase up to 485,000 common shares through a normal course issuer bid (the "2001 NCIB"). The 2001 NCIB ran from April 10, 2001 to April 9, 2002. Purchase and payment for the common shares were made by the Company in accordance with TSX Venture Exchange requirements and, subsequent to September 10, 2001, TSX requirements.

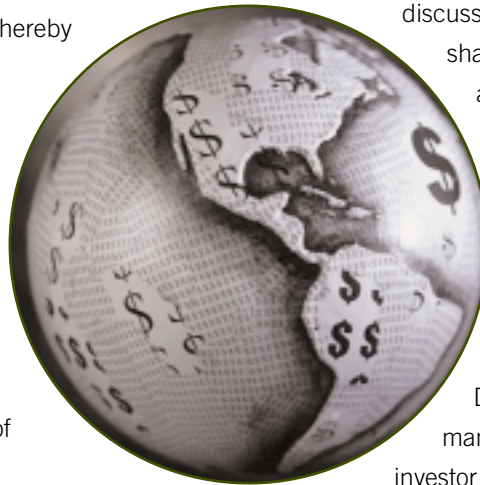
On April 26, 2002, pursuant to the 2001 NCIB, the Company cancelled 241,200 common shares which were previously purchased at prices ranging from \$0.50 to \$1.60 per share. In May 2002, a new normal course issuer bid (the "2002 NCIB") was established. The 2002 NCIB commenced on May 16, 2002 and will end no later than May 15, 2003. The Company plans to purchase up to 470,000 of its common shares for cancellation and purchase and payment



for the common shares will be made in accordance with TSX requirements. As at December 31, 2002, the Company had purchased 72,000 common shares at prices ranging from \$0.45 to \$0.50 per share for a total cost of \$34,884.

Significant Events

On August 30, 2002, the Company announced a proposed merger of Pinetree and GeneVest Inc. ("GeneVest") whereby Pinetree would issue 3.5 common shares for each GeneVest share. Subsequent to the share exchange, Pinetree was planning a 3 for 1 share consolidation such that after both the merger and share consolidation, there would be 12,422,358 common shares of Pinetree outstanding.



The acquisition by Pinetree of GeneVest was subject to, among other things, regulatory and shareholder approvals of both companies. Shareholders of both companies approved the transaction on October 22, 2002. However, on October 30, 2002, Pinetree and GeneVest decided not to proceed with the merger of the two companies. There were a number of GeneVest shareholders who exercised their dissent rights with respect to the transaction. GeneVest's discussions with the dissenting shareholders were unsuccessful and the boards of directors of GeneVest and Pinetree determined that proceeding with the merger could have unfair, negative effects on other shareholders who supported the transaction.

During the year, Pinetree's management handled all in-bound investor relations inquiries.



Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

Reports

- 12 Report of Management
- 13 Auditors' Report to the Shareholders

Consolidated
Financial Statements

- 14 Consolidated Balance Sheets
- 15 Consolidated Statements of Operations
- 16 Consolidated Statements of Deficit
- 17 Consolidated Statements of Cash Flows
- 18 – 29 Notes to Consolidated Financial Statements



Report of Management

The accompanying consolidated financial statements of Pinetree Capital Corp. have been prepared by management in accordance with Canadian generally accepted accounting principles.

Pinetree's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. In recognizing that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that these consolidated financial statements have been prepared accordingly and within reasonable limits of materiality. Further, Management is satisfied that the financial information throughout the balance of this Annual Report is consistent with the information presented in the consolidated financial statements.

Ernst & Young, LLP, Chartered Accountants, have been appointed by the directors of Pinetree and serve as Pinetree's auditors. They have examined the consolidated financial statements of the Company for the years ended December 31, 2002 and 2001.

Pinetree's Board of Directors met with Management and external auditors and have reviewed and approved the Consolidated Financial Statements of the Company which are contained in this Annual Report.



Sheldon Inwentash, C.A.
Chairman and Chief Executive Officer



Larry Goldberg, C.A.
Executive Vice President and
Chief Financial Officer

Consolidated Balance Sheets

As at December 31,

	2002	2001
Assets (note 8(c))		
Current		
Cash and cash equivalents	\$ 236,106	\$ 91,187
Restricted cash (note 4)	—	350,000
Advances to affiliated company (note 8)	—	1,384,537
Prepaid and other receivables	119,259	54,169
Income taxes receivable	—	106,032
	<u>355,365</u>	<u>1,985,925</u>
Investments, at fair value (cost — \$19,822,000; 2001 — \$17,563,000) (note 5)	18,206,529	23,803,024
Capital assets, net (note 6)	355,125	436,272
	<u>\$ 18,917,019</u>	<u>\$ 26,225,221</u>

Liabilities and Shareholders' Equity

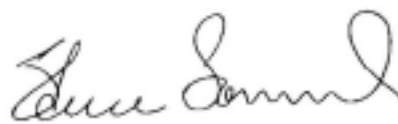
Current		
Due to brokers	\$ 2,518,957	\$ 1,463,233
Accounts payable and accrued liabilities	102,367	283,290
Advances from affiliated company (note 8)	6,626,047	5,956,793
	<u>9,247,371</u>	<u>7,703,316</u>
Shareholders' equity		
Share capital (note 7)	18,444,789	18,539,187
Deficit	(8,775,141)	(17,282)
	<u>9,669,648</u>	<u>18,521,905</u>
	<u>\$ 18,917,019</u>	<u>\$ 26,225,221</u>

See accompanying notes to the consolidated financial statements

On behalf of the Board:



Director



Director

Consolidated Statements of Operations

Years Ended December 31,

	2002	2001
Net Investment Losses		
Gain (loss) on disposal of investments, net	\$ 668,032	\$ (5,910,933)
Reversal of previously recognized unrealized losses (gains) on disposal of investments	(1,349,372)	2,453,116
Unrealized losses on investments, net	(6,492,525)	(25,276,199)
	(7,173,865)	(28,734,016)
Other Revenue		
Interest and dividend income (note 9(b))	24,963	212,712
Other income	214,064	328,121
	(6,934,838)	(28,193,183)
Expenses		
Operating, general and administrative (note 9(a))	1,339,161	2,122,001
Foreign exchange loss (gain)	(68,570)	258,833
Amortization	88,329	72,637
Interest (note 9(b))	464,101	447,817
	1,823,021	2,901,288
Loss before income taxes	(8,757,859)	(31,094,471)
Recovery of income taxes (note 10)	—	(4,473,004)
Net loss for the year	\$ (8,757,859)	\$ (26,621,467)
Loss per common share		
Basic and diluted	\$ (0.94)	\$ (2.81)
Weighted average number of common shares outstanding		
Basic	9,323,824	9,476,136
Diluted	9,323,824	9,495,467

See accompanying notes to the consolidated financial statements

Consolidated Statements of Deficit

Years Ended December 31,

	2002	2001
Retained earnings (deficit), beginning of year	\$ (17,282)	\$ 26,604,185
Net loss for the year	(8,757,859)	(26,621,467)
Deficit, end of year	\$ (8,775,141)	\$ (17,282)

See accompanying notes to the consolidated financial statements

Consolidated Statements of Cash Flows

Years Ended December 31,

	2002	2001
Cash flows from operating activities		
Net loss for the year	\$ (8,757,859)	\$ (26,621,467)
Items not affecting cash		
Loss (gain) on disposal of investments	(668,032)	5,910,933
Reversal of previously recognized unrealized gains (losses), on disposal of investments	1,349,372	(2,453,116)
Unrealized losses on investments, net	6,492,525	25,276,199
Amortization	88,329	72,637
Future income taxes	—	(4,487,004)
	(1,495,665)	(2,301,818)
Changes in non-cash working capital balances related to operations		
Advances to affiliated company	1,384,537	(379,637)
Prepaid and other receivables	(65,090)	588,389
Due to brokers	1,055,724	(3,110,301)
Accounts payable and accrued liabilities	(180,923)	133,630
Advances from affiliated company	669,254	4,824,203
Income taxes receivable	106,032	262,330
	1,473,869	16,796
Cash flows from financing activities		
Purchase of shares under buyback plan (note 7(b))	(94,398)	(132,900)
Proceeds from partial repayment of promissory note	—	22,500
Proceeds from issue of share capital	—	20,250
	(94,398)	(90,150)
Cash flows from investing activities		
Purchase of capital assets	(7,182)	(303,469)
Purchase of investments	(15,729,514)	(8,556,155)
Proceeds on disposal of investments	14,152,144	8,684,546
Restricted cash	350,000	50,000
	(1,234,552)	(125,078)
Net increase (decrease) in cash and cash equivalents during the year	144,919	(198,432)
Cash and cash equivalents, beginning of year	91,187	289,619
Cash and cash equivalents, end of year	\$ 236,106	\$ 91,187
Supplemental cash flow information		
Income taxes paid	\$ —	\$ 44,000
Interest paid	\$ 320,788	\$ 371,930

See accompanying notes to the consolidated financial statements

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

1. Nature of business:

Pinetree Capital Corp. ("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. Pinetree's interests are in companies with information and internet infrastructure technologies, telecommunications and wireless technologies, and biomedical technologies.

2. Significant accounting policies:

Management has prepared the consolidated financial statements of the Company in accordance with Canadian generally accepted accounting principles. The most significant accounting policies are as follows:

(a) Basis of preparation:

These consolidated financial statements include the accounts of Pinetree and its wholly-owned subsidiaries: Emerald Capital Corp. (600229 Alberta Inc.), 474048 B.C. Ltd., 1177344 Ontario Inc., 1065614 Ontario Inc., and Pinetree (Barbados) Inc. All significant inter-company accounts and transactions are eliminated on consolidation.

(b) Investments:

At each financial reporting period, the Company's management determines the valuation of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

(i) Publicly-traded investments:

1. Securities which are traded on a recognized securities exchange and for which no sales restrictions apply are recorded at fair values based on quoted market prices at the consolidated balance sheets dates or the closing price on the last day the security traded if there were no trades at the consolidated balance sheet dates.
2. Securities which are traded on a recognized securities exchange but which are escrowed or otherwise restricted as to sale or transfer are recorded at amounts discounted from market value. In determining the discount for such investments, the Company considers the nature and length of the restriction, business risk of the investee company, its stage of development, market potential, relative trading volume and price volatility and any other factors that may be relevant to the ongoing and realizable value of the investments.
3. Options and warrants of publicly-traded securities are carried at the difference between the exercise price and the quoted market price of the underlying securities, if the exercise price is lower than the quoted market price. Otherwise, options and warrants are carried at nil.

(ii) Privately-held investments:

1. Securities in privately-held companies are recorded at cost unless an upward adjustment is considered appropriate and supported by pervasive and objective evidence such as significant subsequent equity financing by an unrelated, professional investor at a transaction price higher than the Company's carrying value. Downward adjustments to carrying value are made when there is evidence of an other than a temporary decline in value as indicated by the assessment of the financial condition of the investment based on operational results, forecasts and other developments since acquisition.
2. Options and warrants of privately held securities are carried at cost unless there's an upward or downward adjustment supported by pervasive and objective evidence such as significant subsequent equity financing by an unrelated, professional investor at a transaction price higher or lower than the Company's carrying value.

(iii) Other investment instruments:

Included in Pinetree's investments are certain instruments that are accounted for as follows:

1. Convertible debentures and convertible notes are carried as though converted to common shares.

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

2. Significant accounting policies (continued):

2. Debt instruments are fair valued at the lesser of their discounted cash flow or the fair value of the underlying security.

3. Cumulative dividends expected to be received are included in the fair value of each investment.

The resulting values may differ from values that would be realized had a ready market existed. The amounts at which Pinetree's publicly-traded investments could be disposed of currently may differ from carrying value based on market quotes as the value at which significant ownership positions are sold is often different than the quoted market price due to a variety of factors such as premiums paid for large blocks or discounts due to illiquidity. The amounts at which Pinetree's privately-held investments could be disposed of currently may differ from the carrying value assigned as a substantial period of time may have elapsed since the latest third party equity financing.

(c) Cash and cash equivalents:

Cash and cash equivalents include cash and short-term investments with original maturities of less than three months.

(d) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided at rates designed to amortize the cost of capital assets over their estimated useful lives as follows:

	<u>Rate</u>	<u>Basis</u>
Computer equipment	30%	Declining balance
Leasehold improvements	6 years	Over the term of the lease
Furniture and equipment	20%	Declining balance

(e) Revenue recognition:

Realized gains and losses on disposition of investments and unrealized gains or losses in the value of investments are reflected in the consolidated statements of operations and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the year of disposition. Dividend income is recorded on the ex-dividend date. Interest income and other income are recorded on an accrual basis.

(f) Foreign currency translation:

The Company's subsidiaries are considered to be integrated operations. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the year-end. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates. Revenue and expenses denominated in foreign currencies are translated at rates of exchange prevailing at the transaction dates. Gains or losses resulting from translation are included in the determination of net loss for the year.

(g) Income taxes:

The Company follows the liability method of tax allocation in accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. Under The Canadian Institute of Chartered Accountants' Handbook Section 3465, "Accounting for Income Taxes", the effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(h) Stock-based compensation plans:

The Company has stock-based compensation plans, which are described in note 7(d). Any consideration received on the exercise of stock options or sale of stock is credited to share capital. The Company does not record any compensation expense for stock options granted to employees or directors. Stock options granted to employees and directors are disclosed in pro forma net income and earnings per share. Stock options granted to non-employees and consultants have been expensed and credited to contributed surplus. Stock options granted during the year are accounted for in accordance with the fair value

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

2. Significant accounting policies (continued):

method of accounting for stock-based compensation. The fair value for these options estimated at the date of granting using a Black-Scholes Option Pricing Model.

(i) Use of estimates:

The preparation of these 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, investments, and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(j) Earnings per share:

Basic earnings per share have been determined by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year, excluding shares securing employee share purchase loans and shares in escrow. Fully diluted earnings per share are in accordance with the treasury stock method and are based on the weighted average number of common shares and dilutive common share equivalents outstanding.

3. Changes in accounting policies:

Stock options:

Effective January 1, 2002, the Company adopted CICA 3870 Stock-based Compensation and Other Stock-based payments. As permitted by CICA 3870, the Company has applied this change prospectively for new awards granted on or after January 1, 2002. Under this new standard, companies that do not follow the fair value method of accounting for stock-based awards granted to employees are required to provide pro forma disclosure in each quarterly and annual report of net income and earnings per share under the fair value method. However, stock options granted to non-employees and consultants are accounted for in accordance with the fair value method of accounting for stock-based compensation. There were no stock options granted during the year ended December 31, 2002. Accordingly, there was no impact on the consolidated financial statements and notes thereto as a result of the application of the new standard.

4. Restricted Cash:

During fiscal 2001, the Company pledged \$350,000 of cash held in a Guaranteed Investment Certificate as collateral for a letter of credit issued for one of the Company's investee companies. The Guaranteed Investment Certificate earned interest at a rate of 1.75% per annum. It matured and became unrestricted on January 31, 2002.

5. Investments:

Investments consist of the following as at December 31, 2002:

	Security Description	Fair Value
Investments with a quoted market value		
Angoss Software Corporation	600,000 common shares	\$ 78,000
Blackrock Ventures Inc.	100,000 common shares	236,000
Brownstone Resources Inc.	2,685,859 common shares	456,596
Cambior Inc.	200,000 common shares	450,000
Canadian Royalties Inc.	110,000 common shares	
	100,000 warrants expire Dec 5, 2004	214,500
Enghouse Systems Limited	650,000 common shares	6,435,000
European Goldfields Ltd.	50,000 common shares	
	50,000 warrants expire May 30, 2003	122,500
FNX Mining Company Inc.	62,900 common shares	415,140
GeneVest Inc.	1,870,803 common shares	2,216,340
Iamgold Corp.	35,000 common shares	269,150
iJoin Systems, Inc.	300,000 common shares	—

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

5. Investments (continued):

Lumenon Innovative Lightwave Technology Inc.	591,200 common shares	121,402
Manitex Capital Inc.	2,099,906 common shares	83,996
Miramar Mining Corp.	130,000 common shares 30,000 warrants expire Jun 19, 2003	262,600
NSI Global Inc.	3,559,500 common shares 493,955 warrants expire Dec 31, 2003	444,938
Pretium Industries Inc.	200,000 common shares	86,000
Procyon Biopharma Inc.	662,600 common shares 75,000 warrants expire Nov 9, 2003	331,300
Red-tail Info Tech Inc.	834,000 common shares	25,020
Tengtu International Corp.	541,000 common shares 250,000 warrants expire Jun 20, 2003	333,280
Treat Systems Inc. (a)	305,779 common shares	—
Triant Technologies Inc.	220,300 common shares	81,511
Wheaton River Mineral Ltd.	212,500 common shares 70,000 warrants expire May 30, 2007	312,375
Other equity investments (b)		1,194,207
		<u>\$ 14,169,855</u>
Investments with no quoted market value		
Fiber Optics System Technology Inc.	428,135 common shares; 93,012 warrants expire Oct 13, 2005	\$ 2,211,442
iTravel2000.com (b), (d)		290,274
Primacy Corporation	3,530,373 common shares; 50,000 warrants expire Jul 13, 2003	988,169
Quick Link Communication	313,500 special warrants, Dec 31, 2003	498,750
Solomon Technologies, Inc. (c)	11% convertible debenture, due Jan 18, 2002	—
Other equity investments (b)		48,039
		<u>\$ 4,036,674</u>
Total investments		<u>\$ 18,206,529</u>

(a) On October 17, 2002, the TSX Venture Exchange ("TSXV") halted trading in Treat Systems Inc.'s common shares for failure to meet their tier maintenance requirements in accordance with Policy 2.5 and being designated as an Inactive Issuer for a period greater than 18 months.

(b) Other equity investments and Other debt investments include investments in which Pinetree owns less than 5% of the company, or Pinetree has invested less than \$200,000 in the company, or the investment's fair value is less than \$200,000 as at December 31, 2002.

(c) The 11% convertible debenture was due on January 18, 2002 and is currently in default. The Company formally requested immediate payment of the principal and accrued interest to date and is currently in legal proceedings with Solomon Technologies, Inc regarding the disposition of the debt. At December 31, 2002, the Company wrote down its investment in Solomon Technologies, Inc to nil.

(d) As at December 31, 2002, total debt investments outstanding from iTravel2000.com, at cost, bear interest at an average annual rate of 6% and are scheduled for repayment on April 25, 2005.

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

5. Investments (continued):

Investments consist of the following as at December 31, 2001:

	Security Description	Fair Value
Investments with a quoted market value		
Brownstone Resources Inc.	2,685,859 common shares	\$ 349,162
Enghouse Systems Limited	700,000 common shares	6,146,000
GeneVest Inc.	1,870,803 common shares	3,223,858
iJoin Systems, Inc.	300,000 series B preferred shares	205,832
Lumenon Innovative Lightwave Technology Inc.	815,500 common shares	754,703
Manitex Capital Inc.	2,099,906 common shares	104,995
NSI Global Inc.	3,131,770 common shares	2,254,874
Red-tail Info Tech Inc.	834,000 common shares	83,400
SoftQuad Software Inc.	2,571,218 common shares	3,200,055
Treat Systems Inc.	305,779 common shares	15,289
Other equity investments (e)		1,391,875
		<u>\$ 17,730,043</u>
Investments with no quoted market value		
Fiber Optics System Technology Inc.	428,135 common shares; 93,012 warrants expire Oct 13, 2005	\$ 2,233,842
Primacy Corporation	3,530,373 common shares; 50,000 warrants expire Jul 13, 2003	1,996,076
Solomon Technologies, Inc.	11% convertible debenture, due Jan 18, 2002	703,573
Other equity investments (e)		864,216
Other debt investments (f), (e)		275,274
		<u>\$ 6,072,981</u>
Total investments		<u>\$ 23,803,024</u>

(e) Other equity investments and Other debt investments include investments in which Pinetree owns less than 5% of the company, or Pinetree has invested less than \$500,000 in the company, or the investment's fair value is less than \$500,000 as at December 31, 2001.

(f) As at December 31, 2001, total debt investments outstanding, at cost, bear interest at an average annual rate of 6% and are scheduled for repayment on April 25, 2005.

6. Capital assets:

Capital assets consist of the following:

	2002			2001		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Computer equipment	\$ 95,751	\$ 68,719	\$ 27,032	\$ 95,751	\$ 57,134	\$ 38,617
Leasehold improvements	255,706	73,104	182,602	255,706	31,760	223,946
Furniture and equipment	293,811	148,320	145,491	286,629	112,920	173,709
	<u>\$ 645,268</u>	<u>\$ 290,143</u>	<u>\$ 355,125</u>	<u>\$ 638,086</u>	<u>\$ 201,814</u>	<u>\$ 436,272</u>

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

7. Share Capital:

Share capital consist of the following:

Authorized: Unlimited number of common shares

Issued and outstanding:

	2002		2001	
	#	Amount	#	Amount
Balance, beginning of year	9,579,569	\$ 18,944,187	9,698,369	\$ 19,056,837
Issued for cash pursuant to exercise warrants (a)	—	—	15,000	20,250
Issued for cash under stock option agreements	—	—	—	—
Issued for cash pursuant to private placement offerings net of share issuance costs	—	—	—	—
Purchase for cash under issuer buyback plan (b)	(179,400)	(94,398)	(133,800)	(132,900)
Balance, end of year	9,400,169	18,849,789	9,579,569	18,944,187
Share purchase loan (c)	(225,000)	(405,000)	(225,000)	(405,000)
		\$ 18,444,789		\$ 18,539,187

(a) Warrants:

Attached to the 1999 private placement offerings were warrants to purchase 415,000 common shares ranging from \$1.25 to \$1.35 per share expiring from September 2000 to August 2001, the value of which was not material. In 2002, nil (2001 – 15,000) warrants were exercised during the year. As at December 31, 2002, there were no warrants outstanding.

(b) Issuer buyback plan:

In fiscal 2001, the Company had planned to purchase up to 485,000 common shares through a normal course issuer bid (the “2001 NCIB”). The 2001 NCIB ran from April 10, 2001 to April 9, 2002. Purchase and payment for the common shares were made by the Company in accordance with TSXV requirements and, subsequent to September 10, 2001, TSX requirements.

On April 26, 2002, pursuant to the 2001 NCIB, the Company cancelled 241,200 common shares which were previously purchased at prices ranging from \$0.50 to \$1.60 per share. In May 2002, a new normal course issuer bid (the “2002 NCIB”) was established. The 2002 NCIB commenced on May 16, 2002 and will end no later than May 15, 2003. The Company plans to purchase up to 470,000 of its common shares for cancellation, and purchase and payment for the common shares will be made in accordance with the TSX requirements. As at December 31, 2002, the Company had purchased 72,000 common shares at prices ranging from \$0.45 to \$0.50 per share for a total cost of \$34,884.

(c) Employee stock purchase plan:

Under this plan, the Company may loan money to employees to purchase not greater than 10% of outstanding common shares of the Company. A trustee holds the shares until the loan is repaid. Any amount loaned by the Company to an employee pursuant to the plan shall be non-interest bearing and payable within a period not exceeding 10 years. In the event that the employment of the employee is terminated, the employee loan is payable 60 days from termination. Also, upon termination, the trustee may without notice sell the common shares held. During the year, no shares were cancelled and no common shares were surrendered under the plan.

Under this plan, an officer and director of the Company is indebted to the Company for \$405,000 (2001 – \$405,000) in connection with the Company’s employee stock purchase plan agreement dated November 16, 1994. As at December 31, 2002, 225,000 (2001 – 225,000) common shares of the Company have been pledged as collateral for this loan, the market value of which was \$112,500 (2001 – \$135,000). This loan is non-interest bearing and has the following terms of repayment:

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

7. Share Capital (continued):

- (i) 5% in each of the sixth and seventh year from date of issue of the shares;
- (ii) 10% in each of the eighth and ninth year from the date issued; and
- (iii) remaining balance to be paid in the tenth year from the date issued.

As at December 31, 2002, the installment payment due in the eighth year was outstanding, but was paid on March 7, 2003.

(d) Stock option plans:

The Company has 1997 and 2000 stock option plans for directors, officers, key employees and consultants to enable them to purchase common shares of the Company, as administered by the Board of Directors.

The number of shares which were authorized to be issued was 750,000 for the 1997 plan and 2,000,000 for the 2000 plan. An individual can receive grants of no more than 5% of the outstanding shares of the Company on a yearly basis and options are exercisable over a period not exceeding five years. The 2000 options have a vesting period of eight quarters (no vesting period prior to the 2000 plan).

Under the 1997 plan, the exercise prices for purchasing these shares cannot be less than the market price of the common shares on the last day on which the common shares traded prior to the date of the granted option. For the 2000 plan, the exercise prices for purchasing these shares cannot be less than the minimum exercise price as provided by stock exchange rules.

No further shares are being issued under the 1997 stock option plan. As at December 31, 2002, the number of options available to be granted under the 2000 plan was 680,000.

(e) A summary of the status of the Company's two stock option plans as at December 31, 2002 and 2001 and changes during the years ended on those dates is presented below:

	2002		2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Stock Options				
Outstanding, at beginning of year	1,155,668	\$ 2.51	1,312,500	\$ 2.54
Granted	—	—	357,500	1.97
Exercised	—	—	—	—
Forfeited	(100,000)	2.33	(514,332)	2.20
Outstanding, at end of year	1,055,668	\$ 2.53	1,155,668	\$ 2.51
Exercisable, at end of year	1,037,545	\$ 2.54	970,045	\$ 2.60

The following table summarizes information about stock options outstanding as at December 31, 2002:

Range of exercise prices	Options outstanding			Options exercisable		
	Number of options	Weighted average exercise price	Weighted average remaining life (years)	Number of options	Weighted average exercise price	Weighted average remaining life (years)
\$1.00 to \$2.50	382,500	\$ 1.76	2.63	364,689	\$ 1.76	2.60
\$2.51 to \$3.62	673,168	2.97	2.01	672,856	2.97	2.01
	1,055,668	\$ 2.53	2.23	1,037,545	\$ 2.54	2.21

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

8. Advances to and from affiliated companies:

Advances to and from affiliated companies consist of the following:

	2002	2001
Advances to affiliated company		
Brownstone Resources Inc. (a), (b)	\$ —	\$ 1,384,537
	\$ —	\$ 1,384,537
Advances from affiliated company		
GeneVest Inc. (b), (c)	\$ 6,626,047	\$ 5,956,793
	\$ 6,626,047	\$ 5,956,793

(a) The Company does not exercise significant influence and has an 18% interest in Brownstone Resources Inc.

(b) These advances bear interest at Royal Bank prime plus 1% per annum and are due on demand. As at December 31, 2002, the effective interest rate was 5.5% (2001 – 5%).

(c) These advances are from GeneVest Inc. (TSX Venture Exchange: “GNV.u”) which are collateralized by a general security agreement on all present and future tangible and intangible personal property of the Company. The Company is able to exercise significant influence over GeneVest Inc.

9. Related party transactions:

(a) During the year, Pinetree had consulting agreements with officers and directors representing approximately \$30,000 (2001 – \$30,000) per month. Included in operating, general and administrative expenses in 2002 is approximately \$357,000 (2001 – \$357,000) paid under these contracts.

(b) Included in the consolidated statements of operations is approximately \$8,000 (2001 – \$98,000) of interest income relating to interest charged to an affiliated company throughout the year and approximately \$321,000 (2001 – \$270,000) of interest expense charged by an affiliated company throughout the year.

10. Income taxes:

(a) Income tax expense attributable to income before income taxes differs from the amounts computed by applying the combined federal and provincial tax rate of 38.62% (2000 – 41.74%) of pre-tax income as a result of the following:

	2002	2001
Loss before income taxes	\$ (8,757,859)	\$ (31,094,471)
Computed “expected” income tax recovery	(3,382,285)	(12,978,832)
Future income tax benefit resulting from rate change	—	381,049
Net future income tax asset not recognized	2,423,166	2,374,245
Non-taxable portion of capital losses (gains)	(605,272)	939,299
Non-taxable portion of reversal of unrealized losses (gains)	353,090	(199,847)
Non-taxable portion of unrealized losses	1,182,246	4,960,513
Permanent and other differences	29,055	50,569
Recovery of income taxes	\$ —	\$ (4,473,004)

(b) Significant components of the recovery of income taxes for the year ended December 31 are as follows:

	2002	2001
Current tax expense	\$ —	\$ —
Future income tax recoverable relating to origination and reversal of temporary differences	—	(4,473,004)
Recovery of income taxes	\$ —	\$ (4,473,004)

Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

10. Income taxes (continued):

(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:

	2002	2001
Future tax assets		
Capital assets – differences in amortization and unamortized capital cost	\$ 64,557	\$ 44,097
Long-term investments – differences in accounting cost and tax cost	1,005,754	—
Non-capital losses carried forward	2,899,762	2,061,448
Capital losses carried forward	115,449	342,792
Net future tax assets	\$ 4,085,522	\$ 2,448,337
Future tax liabilities		
Long-term investments – differences in accounting cost and tax cost	\$ —	\$ (74,092)
Net future tax liabilities	\$ —	\$ (74,092)
Total future tax assets and liabilities	4,085,522	2,374,245
Less: valuation allowance	(4,085,522)	(2,374,245)
Net future tax assets (liabilities)	\$ —	\$ —

(d) As at December 31, 2002, the Company has non-capital losses of approximately \$8,256,000 expiring as follows:

2007	\$ 391,000
2008	5,965,000
2009	1,900,000
	\$ 8,256,000

11. Lease commitments:

Future minimum annual lease payments under operating leases for equipment and premises are approximately as follows:

2003	\$ 250,300
2004	250,300
2005	250,300
2006	250,300
2007	177,800
	\$ 1,179,000



Notes to Consolidated Financial Statements

For the years ended December 31, 2002 and 2001

12. Financial Instruments:

(a) Fair value:

The Company has determined the fair value of its financial instruments as follows:

- (i) The carrying amounts of cash and cash equivalents, prepaid and other receivables, advances to and from affiliated companies, due to brokers and accounts payable and accrued liabilities in the consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.
- (ii) Investments are carried at amounts in accordance with the Company's accounting policy set out in note 2(b) above.

(b) Currency risk:

The Company's activities which resulted in exposure to fluctuations in foreign currency exchange rates consisted of the purchase of investments in foreign currencies. The Company does not use derivative financial instruments to reduce its currency risk.

As at December 31, 2002, cash and cash equivalents included \$18,147 (2001 – \$8,085), advances to affiliated companies included Nil (2001 – \$310,853), investments included \$6,249,709 (2001 – \$13,011,163), advances from affiliated companies included \$6,069,699 (2001 – \$4,982,500) and due to brokers included \$542,044 (2001 – \$182,880) denominated in U.S. dollars.

(c) Credit risk:

Certain of the Company's financial assets, including cash and cash equivalents, are exposed to the risk of a financial loss occurring as a result of default of a counter party on its obligation to the Company. The Company may, from time to time, invest in debt obligations.

The Company is also exposed, in the normal course of business, to credit risk from the sale of its investments and advances to potential investee companies.

Strategic Investment Portfolio

Application and Platform Software Technology

Enghouse Systems Limited

80 Tiverton Court
Suite 800
Markham, Ontario
L3R 0G4
Website: www.enghouse.com
Trading Symbol: "ESL" (TSX)

Manitex Capital Inc.

1 Place Ville-Marie
Suite 2001
Montreal, Quebec
H3B 2C4
Website: www.manitexcapital.com
Trading Symbol: "YMN" (TSXV)

Primacy Corporation

Charnic Business Centre
Spring Garden Highway
St. Michael, Barbados
Website: www.primacycorp.com

Tengtu International Corp.

236 Avenue Road
Toronto, ON
M5R 2J4
Website: www.tengtu.com
Trading Symbol: "TNTU" (OTC: BB)

Telecommunication and Fibre Optics

NSI Global Inc.

4610 Chemin Bois Franc
St. Lawrent, Quebec
H4S 1A7
Website: www.nsiglobal.com
Trading Symbol: "NGL" (TSX)

Quick Link Communications Ltd.

311 - 6th Avenue S.W.
Suite 1505
Calgary, AB
T2P 3H2
Website: www.qlccom.com

Fiber Optics System Technology Inc.

850 Penns Way
West Chester, Pennsylvania
19382
Website: www.fox-tek.com

Biomedical Technology and Other

GeneVest Inc.

The Exchange Tower
130 King Street West
Suite 2810, P.O. Box 47
Toronto, Ontario
M5X 1A9
Website: www.genevest.com
Trading Symbol: "GNV" (TSXV)

iTravel2000.com

5560 Explorer Dr.
Mississauga, ON
L4W 5M3
Website: www.itravel2000.com



Corporate Directory

Corporate Officers

Sheldon Inwentash, C.A.

Chairman of the Board, President
and Chief Executive Officer

Larry Goldberg, C.A.

Executive Vice-President
and Chief Financial Officer

Luigi M. Falzone

Vice-President,
Legal & Corporate Affairs
and Secretary

Board of Directors

Sheldon Inwentash, C.A.

Chairman of the Board
Pinetree Capital Corp.
Toronto, Ontario

David A. Williams

President
Roxborough Holdings Inc.
Toronto, Ontario

Steven Saviuk, C.A.

Chief Executive Officer
Manitex Capital Inc.
Montreal, Quebec

Harvey Tepner, C.A.

Managing Director
Loeb Partners Corporation
New York, New York

Shareholder Information

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Facsimile: (416) 941-1090
E-mail: ir@pinetreecapital.com
Website: www.pinetreecapital.com

Auditors

Ernst & Young, LLP
Toronto, Ontario

Legal Counsel

Aird & Berlis
Toronto, Ontario

Annual Meeting

The Annual Meeting of the
shareholders will be held at
at the Toronto Stock Exchange
Executive Boardroom, 130 King Street West, Toronto
on May 28, 2003 at 4:30pm EDT.

Registrar and Transfer Agent

Equity Transfer Services Inc.
120 Adelaide Street West, Suite 420
Richmond - Adelaide Centre
Toronto, Ontario
M5H 4C3
Telephone: (416) 361-0152
Facsimile: (416) 361-0470

Common Share Information

The common shares of the Company are traded on the Toronto Stock Exchange under
the symbol "PNP".





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