

BRAINHUNTER INC.

(Formerly TrekLogic Technologies Inc)

CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited-prepared by Management)

for the three months ended

DECEMBER 31, 2004

BRAINHUNTER INC. (Formerly TrekLogic Technologies Inc.)
CONSOLIDATED BALANCE SHEETS

| | December 31 2004 | September 30 2004 |
|--|---|----------------------|
| | (Unaudited- prepared by management) | (Audited) |
| ASSETS | | |
| Current assets | | |
| Accounts receivable | \$ 13,949,641 | \$ 12,957,254 |
| Investment tax credits recoverable (note 3) | 1,415,514 | 1,245,514 |
| Deposits and prepaid expenses | 649,808 | 352,661 |
| Future income tax asset (note 6) | 750,000 | 750,000 |
| | <u>16,764,963</u> | <u>15,305,429</u> |
| Capital assets (note 4) | 4,620,715 | 4,339,612 |
| Goodwill and other intangibles (note 7) | 12,765,783 | 12,765,783 |
| Notes due from related parties (note 5) | 1,016,036 | 1,277,825 |
| Future income tax asset (note 6) | 4,064,577 | 3,340,612 |
| | <u>\$ 39,232,074</u> | <u>\$ 37,029,261</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities | | |
| Bank indebtedness (note 8) | \$ 6,322,295 | \$ 5,920,652 |
| Accounts payable and accruals | 6,413,721 | 6,136,110 |
| Current portion of long-term debt (note 9) | 435,000 | 435,000 |
| Deferred revenue | 362,029 | 104,966 |
| | <u>13,533,045</u> | <u>12,596,728</u> |
| Long-term debt (note 9) | <u>1,219,803</u> | <u>848,749</u> |
| Shareholders' equity | | |
| Capital stock (note 11) | 21,114,097 | 20,646,480 |
| Retained earnings | 3,365,129 | 2,937,304 |
| | <u>24,479,226</u> | <u>23,583,784</u> |
| | <u>\$ 39,232,074</u> | <u>\$ 37,029,261</u> |

Approved on behalf of the Board:

John McKimm Director

James Penturn Director

BRAINHUNTER INC. (Formerly TrekLogic Technologies Inc.)
UNAUDITED CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

| For the three month period ended December 31, | 2004 | 2003 |
|---|---------------------|---------------------|
| Revenue | \$ 17,789,268 | \$ 16,305,181 |
| Cost of revenues | 13,816,516 | 12,129,491 |
| Gross margin | 3,972,752 | 4,175,690 |
| Expenses | | |
| Other staffing costs | 1,767,333 | 2,046,035 |
| General, selling, and administrative | 1,191,952 | 1,077,653 |
| | 2,959,284 | 3,123,688 |
| Earnings before interest, amortization, income taxes, and non-controlling interest | 1,013,468 | 1,052,002 |
| Interest expense, net | 92,721 | 90,543 |
| Amortization | 287,153 | 206,018 |
| | 379,874 | 296,561 |
| Earnings before income taxes and non-controlling interest | 633,594 | 755,441 |
| Income taxes | 192,094 | 294,622 |
| Net income before non-controlling interest | 441,500 | 460,819 |
| Non-controlling interest | - | 15,119 |
| Net income | 441,500 | 445,700 |
| Retained earnings, beginning of period | 2,937,304 | 2,547,417 |
| Shares purchased for cancellation, excess of cost over book value | (13,675) | - |
| Retained earnings, end of period | \$ 3,365,129 | \$ 2,993,117 |
| Earnings per share-basic | \$0.01 | \$0.01 |
| Earnings per share-fully diluted | \$0.01 | \$0.01 |

BRAINHUNTER INC. (Formerly TrekLogic Technologies Inc.)
UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

| For the three month period ended December 31 | 2004 | 2003 |
|---|-----------------------|-----------------------|
| Cash flows from (used in) | | |
| Operating activities | | |
| Net income | \$ 441,500 | \$ 445,700 |
| Items not affecting cash: | | |
| Future income tax expense | 192,094 | 294,622 |
| Non-controlling interest | - | 15,119 |
| Amortization | 287,153 | 206,018 |
| | <u>920,747</u> | <u>961,459</u> |
| Changes in non-cash working capital items | (1,265,888) | (832,353) |
| | <u>(345,141)</u> | <u>129,106</u> |
| Financing activities | | |
| Issuance of common shares, net of costs | 480,557 | 1,205,940 |
| Purchase of common shares | (26,615) | - |
| Repayments from related parties | 261,789 | - |
| Proceeds from long-term debt | 446,054 | 1,058,620 |
| Repayment of long-term debt | (75,000) | (400,598) |
| | <u>1,086,785</u> | <u>1,863,962</u> |
| Investing activities | | |
| Additions to capital assets | (591,015) | (32,714) |
| Business acquisitions, net of cash acquired | (552,272) | (6,524,571) |
| | <u>(1,143,287)</u> | <u>(6,557,285)</u> |
| Net change in bank indebtedness | (401,643) | (4,564,217) |
| Bank indebtedness – beginning of period | (5,920,652) | (110,818) |
| Bank indebtedness – end of period | <u>\$ (6,322,295)</u> | <u>\$ (4,675,035)</u> |

BRAINHUNTER INC.
(Formerly TrekLogic Technologies Inc.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2004

1. Summary of significant accounting policies

Basis of presentation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of Brainhunter Inc. (formerly TrekLogic Technologies Inc.) and from their respective dates of acquisition of control, its wholly owned subsidiaries, collectively referred to herein as the “Company”. All significant intercompany balances and transactions have been eliminated on consolidation.

These interim financial statements follow the same accounting policies and methods as the September 30, 2004 annual audited financial statements. Under Canadian generally accepted accounting principles, additional disclosure is required in annual financial statements and accordingly the unaudited interim period consolidated financials should be read together with the audited annual financial statements.

Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates include the allowance for potentially uncollectible accounts receivable, accrued liabilities, the length of product cycles and the related useful life of capital assets, providing for the recovery of investment tax credits, and providing for a valuation allowance for future income tax credits and the classification of the current year’s benefit expected to be realized, all of which are based on management’s best estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on financial statements of changes in estimates in future periods could be significant. Actual results could differ from those estimates.

2. Acquisitions

Vision2Hire Solutions Inc

In December, 2004, Vision2Hire Solutions Inc (“V2H”) was acquired for cash and a zero-interest note payable of \$446,054 convertible for a term of 3 years to Brainhunter shares at an exercise price of \$2.00 per share.

The purchase price components for the acquisition of Vision2Hire are:

| | |
|--------------------|----------|
| Cash consideration | \$56,218 |
| Promissory Note | 446,054 |

| | |
|-------------------|-------------------------|
| Transaction costs | <u>50,000</u> |
| Total | <u>\$552,272</u> |

The purchase price for the Vision2Hire acquisition has been allocated to identifiable tangible and intangible assets acquired and liabilities assumed based on their estimated fair values as follows:

| | |
|-----------------------------------|-------------------------|
| Working capital deficiency | (\$363,787) |
| Long Term Future Income Tax Asset | <u>916,059</u> |
| Total | <u>\$552,272</u> |

3. Investment tax credits recoverable, net of taxes payable

| | December 31 | September 30 |
|---|--------------------|---------------------|
| | <u>2004</u> | <u>2004</u> |
| | | (audited) |
| Investment tax credits recoverable | \$1,395,899 | \$1,225,899 |
| Income taxes recoverable (payable) | <u>19,615</u> | <u>19,615</u> |
| Investment tax credits and income taxes recoverable | <u>\$1,415,514</u> | <u>\$1,245,514</u> |

4. Capital assets

| | | | Net Book Value | |
|--------------------------------|---------------------------|---------------------------|---------------------------|----------------------------|
| | <u>Cost</u> | <u>Accum</u> | <u>December 31</u> | <u>September 30</u> |
| | | <u>Amort</u> | <u>2004</u> | <u>2004</u> |
| | | | | (audited) |
| Computer equipment | \$2,979,567 | \$2,319,428 | \$660,139 | \$702,640 |
| Furniture and office equipment | 1,387,110 | 932,680 | 454,430 | 479,037 |
| Leasehold improvements | 747,680 | 263,011 | 484,669 | 478,950 |
| Computer software | 725,803 | 637,628 | 88,175 | 50,617 |
| Developed software | <u>3,847,863</u> | <u>914,561</u> | <u>2,933,302</u> | <u>2,628,369</u> |
| Totals | <u>\$9,688,023</u> | <u>\$5,067,308</u> | <u>\$4,620,715</u> | <u>\$4,339,613</u> |

Amortization of the capital assets totalled \$287,153 (2003 - \$206,018) for the current period.

5. Due from related parties

| | December 31 | September 30 |
|--|--------------------|---------------------|
| | <u>2004</u> | <u>2004</u> |
| | | (audited) |
| Loans to shareholders, collateralized by pledges of Company Shares | \$685,338 | \$947,127 |
| Unsecured loans to related parties | <u>330,698</u> | <u>330,698</u> |
| | <u>\$1,016,036</u> | <u>\$1,277,825</u> |

\$200,000 of the balance of loans to shareholders bears interest at 5%, accumulated monthly to be repaid in full by March 31, 2005.

The balance of amounts due from related parties are non-interest bearing with no stated terms of repayment.

6. Future income tax asset

The Company's effective tax rate decreased as compared to that for the same period in Fiscal 2004 due to permanent deductions to taxable income related to share issuance costs. The balance recorded reflects a charge to the income tax asset balance. The future tax asset balance is reduced as income is earned. Current taxes payable is minimal, if any, as losses available from subsidiary acquisitions are available to reduce taxable income.

7. Goodwill and other intangibles

| | |
|--|---------------------|
| Balance September 30, 2004 and December 31, 2004 | <u>\$12,765,783</u> |
|--|---------------------|

8. Bank indebtedness

| | December 31 | September 30 |
|---------------------|-----------------------------|-----------------------------|
| | <u>2004</u> | <u>2004</u> |
| | | (audited) |
| Cash | \$1,368,907 | \$1,693,208 |
| Outstanding cheques | (579,286) | (925,860) |
| Bank operating loan | <u>(7,111,916)</u> | <u>(6,688,000)</u> |
| Totals | <u>\$(6,322,295)</u> | <u>\$(5,920,652)</u> |

At December 31, 2004, the Company has a revolving demand bank credit facility of \$10 million, bearing interest at prime plus 1.5%. The credit facility is collateralized by a general security agreement that constitutes a first charge over all the assets of the Company.

9. Long-term debt

Long term debt consists of the following:

| | December 31 <u>2004</u> | September 30 <u>2004</u> (audited) |
|--|--|---|
| Promissory note, non-interest bearing, payable quarterly at the lesser of 2% of net sales of Brainhunter or \$75,000 | \$390,367 | \$465,367 |
| Brainhunter acquisition obligation payable March 10, 2006 in common stock of the Company based on the weighted average trading price for previous twenty days or in cash, however the holders have the right to refuse a cash offer and elect to accept shares. | 458,382 | 458,382 |
| Promissory note, non-interest bearing, payable quarterly at \$15,000, with final payment due June 27, 2004 | 60,000 | 60,000 |
| Promissory note, non-interest bearing, payable yearly beginning October 2004, at the greater of \$75,000 or a formula based on ProTec's income | 300,000 | 300,000 |
| Sirius acquisition convertible note obligation, bearing interest tied to the 90-day treasury bills rate, repayable in equal quarterly principal payments of \$125,000, and at the holders' option, convertible into common shares of the Company at a price of \$3.00 per share | 500,000 | 625,000 |
| In accordance with the Sirius purchase agreement, the above noted obligation is fully provided for with funds held in trust. At December 31, 2004, the obligation was fully provided for by Government Treasury bills | (500,000) | (625,000) |
| Vision2Hire acquisition convertible note obligation, non-interest bearing repayable in equal quarterly principal payments of 1/8 of the principal beginning in the second year after closing, and at the holders' option, convertible into common shares of the Company at a price of \$2.00 per share | <u>446,054</u> | <u>0</u> |
| | 1,654,803 | 1,283,749 |

| | | |
|----------------------|--------------------|------------------|
| Less current portion | <u>435,000</u> | <u>435,000</u> |
| | <u>\$1,219,803</u> | <u>\$848,749</u> |

10. Non-controlling interest

Non-controlling interest was the non-controlling shareholders interest of 37.7% in InBusiness. In Fiscal 2004 this interest was purchased.

11. Capital stock

(a) Authorized

Unlimited number of common shares
 Unlimited number of preferred shares
 Unlimited number of non-cumulative, non-redeemable, non-retractable, convertible, voting Series A Preferred Shares

(b) The following tables summarize the capital stock activity since September 30, 2004:

| | Number of shares | \$ |
|--|--------------------------|--------------------------|
| <u>Common Shares</u> | | |
| Balance at September 30, 2004 (audited) | 40,338,032 | 18,268,435 |
| Purchased for cancellation pursuant to normal course issuer bid | (29,409) | (12,940) |
| Warrants and options exercised | <u>1,129,773</u> | <u>480,557</u> |
| Balance at December 31, 2004 | 41,438,396 | 18,736,052 |
| <u>Series A Preferred Shares</u> | | |
| Balance at September 30, 2004 and December 31, 2004 (audited) | <u>4,614,681</u> | <u>2,378,045</u> |
| Total capital stock | <u>46,053,077</u> | <u>21,114,097</u> |

The Series A preferred shares are convertible at the discretion of the holder at any time into one common share for each preference share held, and are voting.

(c) Escrowed shares

Shares held in escrow at December 31, 2004 are as follows:

1. 433,334 common shares relating to the original reverse takeover transaction, will be released July 22, 2005
2. 750,000 common shares relating to the Protec acquisition. Released at 300,000 common shares per year, with final release February 2007.

(d) Options

Under the terms of the Company Stock Option Plans the Company has reserved for issuance a total of 5,500,000 shares for its employees and directors.

The following table summarizes the stock option activity for the quarter ending December 31, 2004:

| Exercise price | Term of Options | Options outstanding | | | Exercisable Dec 31/04 |
|----------------|-----------------|-------------------------|--------------------------|-------------------------|-------------------------|
| | | Outstanding Sep 30/04 | Exercised During Quarter | Outstanding Dec 31/04 | |
| \$0.20 | April, 2005 | 280,000 | 0 | 280,000 | 280,000 |
| \$0.30 | July, 2007 | 1,347,545 | (48,523) | 1,299,022 | 802,375 |
| \$0.35 | February, 2008 | 412,400 | 0 | 412,400 | 137,466 |
| \$0.50 | June, 2008 | 1,000,000 | 0 | 1,000,000 | 333,333 |
| \$0.71 | July, 2008 | 1,200,000 | 0 | 1,200,000 | 400,000 |
| \$1.35 | May, 2009 | 270,000 | | | 67,500 |
| | Total | <u>4,509,945</u> | <u>(48,523)</u> | <u>4,191,422</u> | <u>2,020,674</u> |

(e) Warrants

The following table summarizes the warrant activity for the quarter ending December 31, 2004:

| Exercise price | Term of Warrants | Warrants Outstanding | | | | Exercisable Dec 31/04 |
|----------------|------------------|-----------------------|-----------------------|--------------------------|-----------------------|-----------------------|
| | | Outstanding Sep 30/04 | Issued During Quarter | Exercised During Quarter | Outstanding Dec 31/04 | |
| \$0.35 | Dec, 2004 | 736,250 | 0 | (736,250) | 0 | 0 |
| \$0.50 | April, 2006 | 345,000 | 0 | (345,000) | 0 | 0 |
| \$0.70 | July, 2006 | 257,143 | 0 | 0 | 257,143 | 257,143 |
| \$0.81 | Oct, 2006 | 175,000 | 0 | 0 | 175,000 | 175,000 |
| \$1.80 | Sep, 2006 | 50,000 | 0 | 0 | 50,000 | 50,000 |
| \$1.85 | Jan, 2007 | 355,000 | 0 | 0 | 355,000 | 0 |

| | | | | | | |
|--------|--------------|------------------|----------|--------------------|------------------|------------------|
| \$1.88 | Feb, 2007 | 283,335 | 0 | 0 | 283,335 | 283,335 |
| \$1.96 | Jan, 2007 | 250,000 | 0 | 0 | 250,000 | 0 |
| \$2.09 | Oct, 2006 | 226,000 | 0 | 0 | 226,000 | 0 |
| \$2.09 | April, 2007 | 500,000 | 0 | 0 | 500,000 | 726,000 |
| \$2.11 | Nov, 2006 | 125,000 | 0 | 0 | 125,000 | 125,000 |
| | Total | 3,302,728 | 0 | (1,081,250) | 2,221,478 | 1,616,478 |

(g) Supplemental information on weighted average number of shares outstanding.

| | 3 Months ending | |
|--|------------------------|--------------------|
| | December 31 | |
| | <u>2004</u> | <u>2003</u> |
| Weighted average number of shares outstanding: | | |
| Basic | 45,069,189 | 38,586,218 |
| Fully Diluted | 52,763,070 | 47,341,777 |

12. Segmented information

The Company operates in two reportable segments, namely “Staffing” and “Solutions”. Staffing involves the placement of computer and engineering personnel generally under the supervision of the customer, whereas Solutions involves the implementation of solutions that meet a customer’s specific business needs.

The Company evaluates performance and allocates resources based on earnings before income taxes. The Company does not segregate assets between Staffing and Solutions. The accounting policies of the segments are the same as those described in Note 1.

| | Staffing | Solutions | Total |
|--|---------------------|--------------------|---------------------|
| 3 months ending December 31, 2004 | | | |
| Revenue | <u>\$16,120,476</u> | <u>\$1,668,792</u> | <u>\$17,789,268</u> |
| Earnings before interest, amortization, income taxes and non-controlling interest | <u>\$687,340</u> | <u>\$326,128</u> | <u>\$1,013,468</u> |
| 3 months ending December 31, 2003 | | | |
| Revenue | <u>\$13,860,914</u> | <u>\$2,444,268</u> | <u>\$16,305,182</u> |
| Earnings before interest, amortization, income taxes and non-controlling interest | <u>\$737,747</u> | <u>\$314,255</u> | <u>\$1,052,002</u> |

The Company’s revenues are earned in North America with 7% from the United States (First quarter Fiscal 2004 - 7%).

All capital assets are attributable to operations located in Canada.

13. Comparatives

Certain comparative figures on the consolidated statement of cash flows have been changed to be consistent with the current quarter's presentation.